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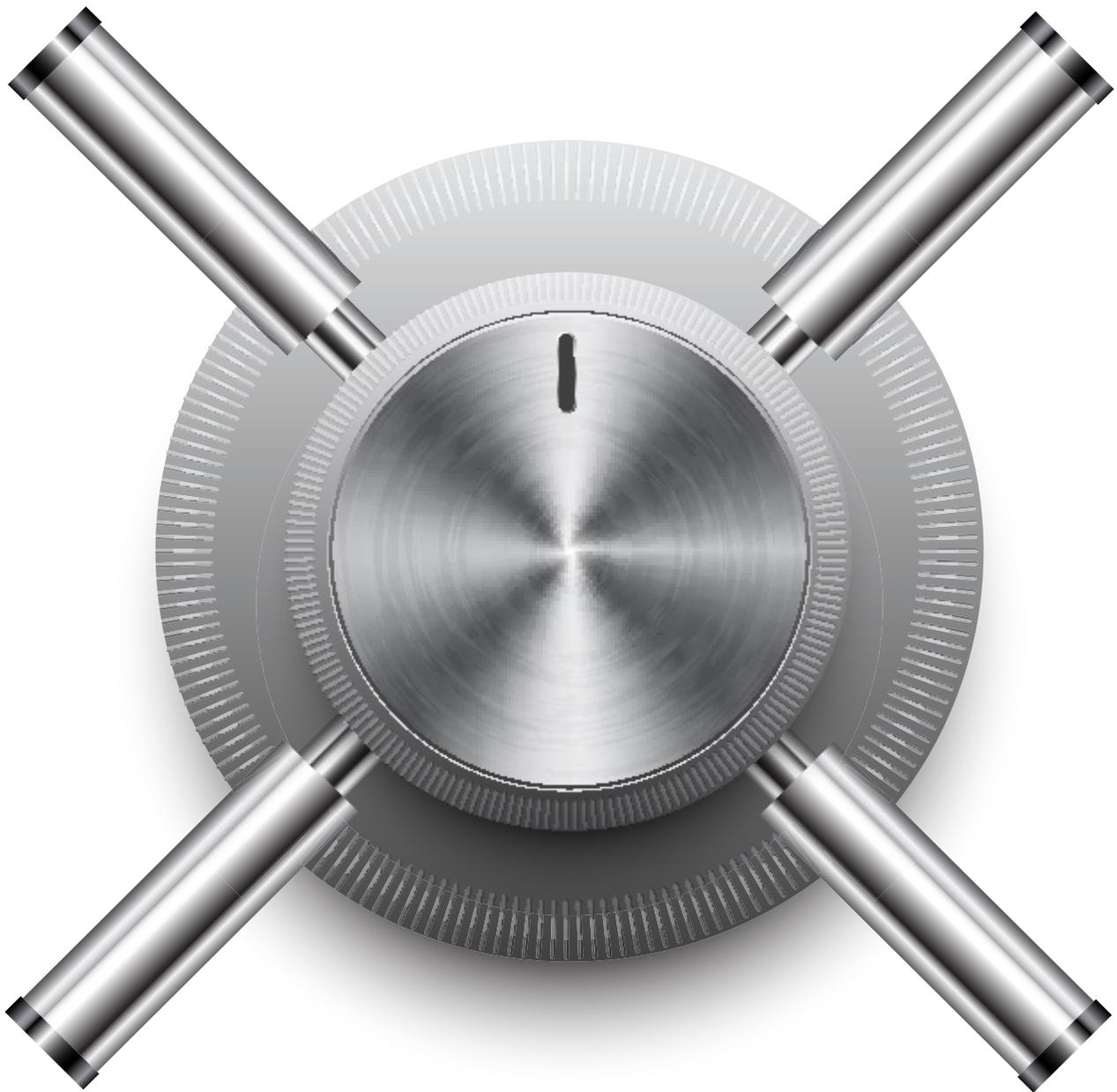
June 2020

SMARTER LEGAL BUSINESS MANAGEMENT

SPECIAL REPORT
CRITICAL CONNECTIONS

EXTRA DEPTH
The work of the high-volume players at
Bryan Cave Leighton Paisner Cubed

BEST ANIMATE
Why DAC Beachcroft found
another way to explain itself



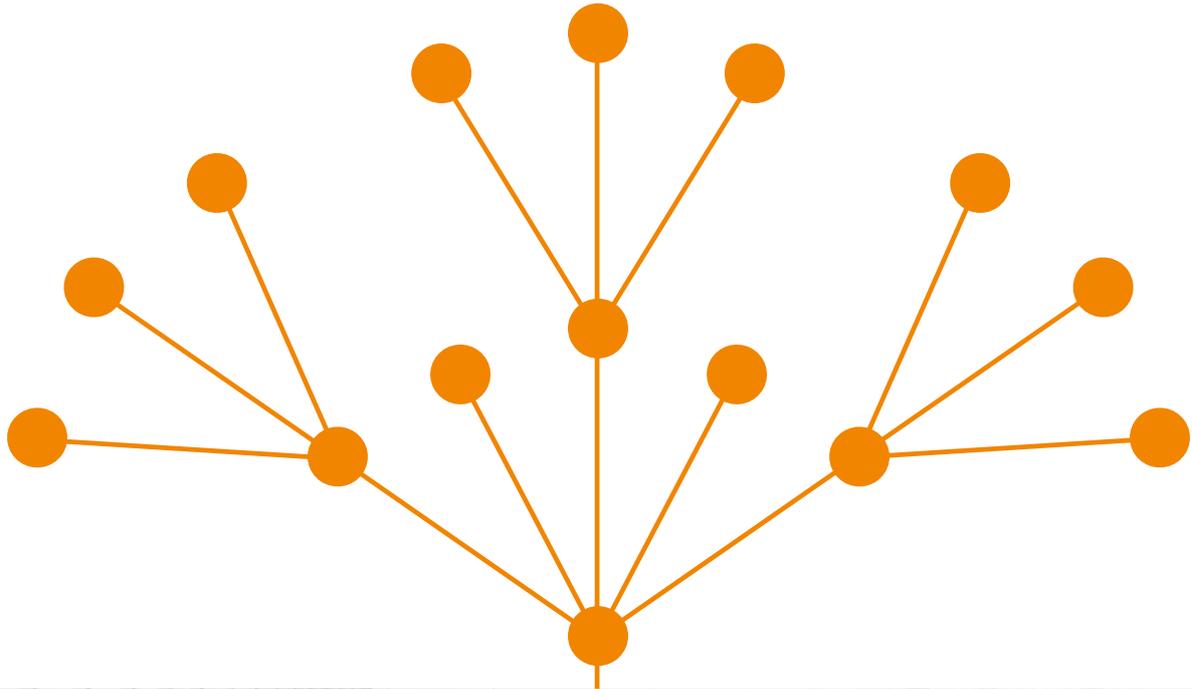
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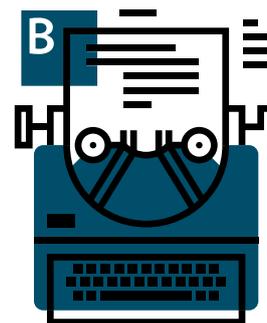


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Editor's letter



Who we are...



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Law firms appear to have managed the move of multiple teams over to all-dispersed, all-screen-sharing, remote working pretty well – but the challenges the novel coronavirus presents to their models and management certainly don't end there.

As this latest issue was finalised, we had the shock news that Sir Nigel Knowles was taking over from Andrew Leatherland as group chief executive officer of DWF with immediate effect.

And over at the other end of the Briefing spectrum, earlier in May there was the pre-pack sale of McMillan Williams to Taylor Rose TTKW Ltd. Administrators Quantuma highlighted that pressure on cashflow from historic aged debt was made that much worse by the Covid-19 climate. MW was unable to secure additional working capital. Partner and joint administrator Sean

If most bets are off, one I would take is that productivity will be feeling the heat even more than it was

Bucknall added, moreover: "The high fixed cost base and highly leveraged model of many law firms leaves them particularly vulnerable to the fallout from from the Covid-19 pandemic. We are already seeing many law firms already in serious financial difficulty."

Then, in midst of cash concerns and profitability pressure, what will any new normal we now begin to see mean for some of **Briefing's** other staple subjects – technology strategy of course; business development and client relationship management (do see our spotlight focus this month, Critical connections, in partnership with the good people at Intapp); pricing and project management; and the relatively fledgling innovation agenda?

If most bets are off, one I would take is that productivity will be feeling the heat even more than it was at Christmas – there's that oft-made assertion that WFH helps people to be that much more productive during a typical working day. As somebody remarks in Josh Adcock's feature for us this month, that impact will need to be measured somehow if it moves significantly closer to being the long-term rule rather than the exception. And following this year's Mental Health Awareness Week in the second half of May, it's also worth remembering that productivity isn't the same thing as being tied to your new home office setup, idyllic or otherwise.

RICHARD BRENT EDITOR-IN-CHIEF

Top 5 Reasons to Transition to Digital Billing

1 Greater Speed & Accuracy of Bill Preparation



2 Less Paper, Lower Costs, and Improved Billing Service



3 Timelier Billing



4 Better Compliance with Clients' Billing Rules



5 Improved Realisation



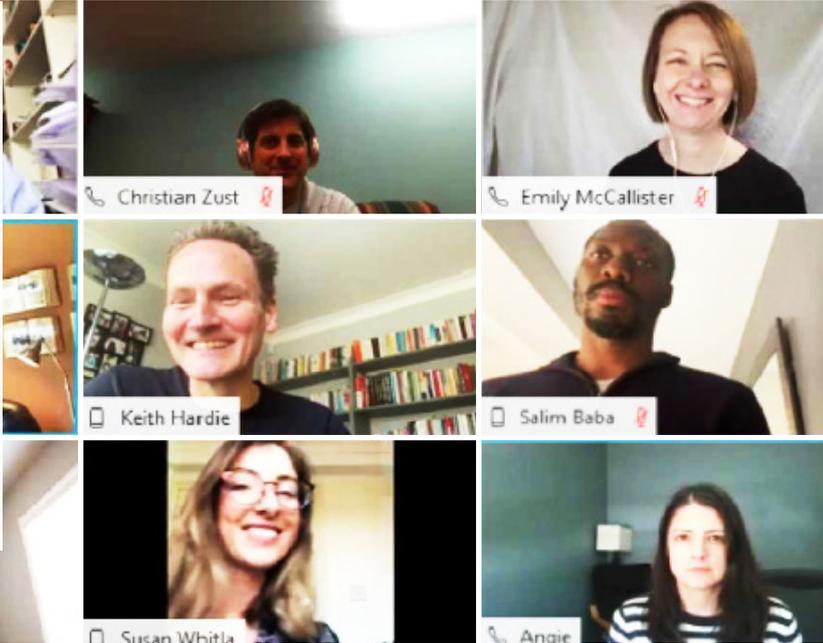
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Cube, where's my solution?

"Until you have a proper process engineer at your side, it's hard to appreciate the value."

Katie DeBord, global chief innovation officer, Bryan Cave Leighton Paisner



Briefing is the only legal business management title, and is focused exclusively on improving the work and worlds of law firm management leaders. Every issue is packed with relevant insight and lessons from peers and pros.

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BRIEFING SPOTLIGHT: CRITICAL CONNECTIONS

Why law firms need to be better listeners, and the data that can help them to change

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Database

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Fair improvement in some law firm performance metrics in the first quarter of 2020 are likely to represent the calm before the impact of the storm, suggest the benchmarkers at Peer Monitor from Thomson Reuters

FLUCTUATION IN PERFORMANCE OVER THE PAST FIVE YEARS



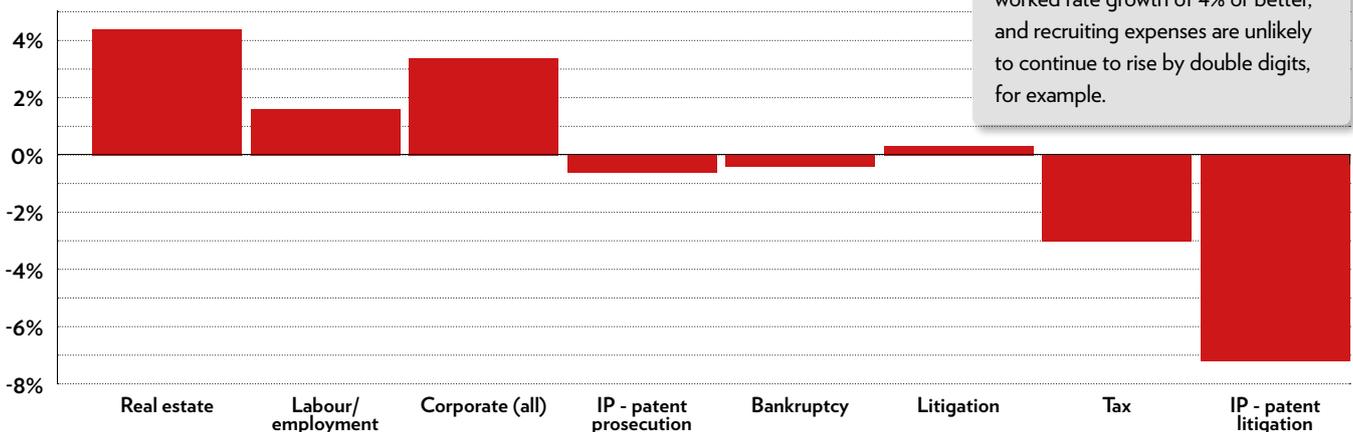
PEER MONITOR® PERSPECTIVE

In the first quarter of 2020, demand grew by an average of 2% across the market, outpacing last year's 1%, and worked rates climbed to new heights for the second consecutive quarter. While lawyer growth continued to increase in pace, newfound demand offset this to a large extent, which allowed productivity to climb closer to flat.

Of course, law firm performance is a lagging indicator by nature, and the bulk of the impact of the Coronavirus pandemic is yet to be seen in the data. The longer this pandemic continues, the less likely it is that rate growth and realisation figures will remain unaffected.

Looking ahead, it's likely that around half the firms tracked by Peer Monitor won't continue to see worked rate growth of 4% or better, and recruiting expenses are unlikely to continue to rise by double digits, for example.

BIG DECLINES CONTINUE FOR PATENT LITIGATION AND TAX



KEY FINDINGS FROM THE FIRST QUARTER

2%

Demand growth (Q1)

-0.8%

Productivity (Q1)

4.1%

Rates growth (Q1)

4.8%

Direct expenses growth (Q4)

The Peer Monitor Index is comprised of the global data of 160 US-based law firms, including 52 firms from the AmLaw 100. For the full Q1 2020 report, please visit: <https://tmsnrts/2WB9Mfc>

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SPEAK UP



Dr Ali Fenwick
Behavioural scientist
Nyenrode Business University

@pldcoach

Are you a productive or a panic worker?

Working from home (WFH) has become the new norm for many employees across the globe during the global pandemic. One of the main benefits often associated with WFH is increased productivity. People in pursuit of a better work-life balance are generally more productive when given the option to work from home (WFH). Personal choice and autonomy, it seems, do wonders for employee wellbeing and performance. However, due to the Covid-19 outbreak, people are now forced to WFH whether they like it or not. Interestingly, managers have reported seeing spikes in productivity among their remote teams during lockdown, crediting it to the positive effects of their new WFH policies. Researching current WFH setups, I found another reason some people are suddenly more productive.

The increase in productivity is also linked to the unusual situation we are in. The threat and uncertainty Covid-19 poses to livelihood and health is causing people to overreact. The different coping strategies people use to deal with this perceived threat all lead to a similar state of mind, resulting in a manic state of productivity I call 'panic working'. Employers can easily mistake being busy for productivity, and if left unchecked this could have severe consequences for employee wellbeing and organisational performance. I have identified four specific coping strategies that may lead to panic working:

1 The Ostrich effect When situations are uncertain and fear kicks in, WFH employees can choose to cope with a perceived threat by ignoring it. This is called the ostrich effect. The more one ignores reality, the harder one works, which leads to panic working.

2 Busy bee syndrome When you are

working from home you might feel the pressure to show other people you are busy by sending emails the whole day, making yourself constantly available, or finding other ways to prove how productive you are. Missing workplace cues of validation, acknowledgement and feedback can also lead to panic working. The busy bee syndrome can also become a contagion effect and affect other employees in the organisation.

3 Work to survive The fear of losing one's job, or even of death, can spur some to go into hyperdrive. Survival mode kicks in. This defence mindset is driven mainly by emotions, and it triggers employees to work harder as a way of acting out their need to survive.

4 Work to regain control Feelings of confinement and insecurity can make employees feel powerless. When this happens, it is normal to want to regain control over their surroundings. Panic working is therefore a way to exert control in a meaningful way, which helps people feel safe and secure.

So, what can be done? When WFH it is important to develop new habits to increase personal effectiveness. One of these is learning how to set boundaries for yourself. Start by creating physical ones. Set up a dedicated work zone, for example. This will not only help you to be more focused and productive, it will also help to create a healthy separation between home and work.

But you can also create mental boundaries for yourself. These are the routines that help us structure our day – for example, waking up in the morning at a specific time, getting dressed as you would normally, and making sure to stop all work activities by the evening. Living up to your routines when WFH is even more important than when working in the office, as it helps you to create that divide and puts you more in control. ▀

Employers can easily mistake being busy for productivity, and if left unchecked this could have severe consequences for employee wellbeing and organisational performance



Catherine Kemnitz
Global head of legal
Axiom

@Axiom_Law

As GCs navigate the new normal, they will have to assemble diverse, agile teams and develop plans to deploy fast responses when faced with large-scale business disruptions

SPEAK UP

2020: legal hindsight

Covid-19 has exposed critical vulnerabilities across the economy, including some of the more traditionally resilient industries. The past few weeks have brought widespread talk of ‘returning to a new normal’ – although most executives recognise that new normal will be quite unrecognisable, at least for the foreseeable future.

If that’s the perspective of most executives, it’s almost without exception the perspective shared by GCs. Indeed, the legal industry is facing a new reality.

To be fair, the industry was facing forces for change before Covid-19. GCs were representing digitally transformed companies. They were evolving their use of data. And they were reimagining their increasingly expansive role in the face of flat budgets.

Yet legal’s most systemic fault line has long been the system itself. Pre-Covid, GCs were mired in legal’s traditional talent duopoly: a growing fixed full-time internal staff or an expensive outside law firm. Neither addressed the ebb and flow of legal work, nor the inevitable need for a specialisation pivot. Nor did they (or do they) allow for fiscally acceptable fast reaction to unforeseen events.

I’ve said before that Covid-19 is legal’s tipping point. It may more accurately be the proverbial straw that broke the camel’s back.

Either way, the crisis will redefine our industry. Beyond the immediate remote

work, labour and employment, and cybersecurity issues to address, GCs are taking a new look at risk management and how business continuity and legal talent must be managed in the future.

This crisis will also redefine the role of the GC in a business – from legal executive to chief resilience officer. As GCs navigate the new normal, they will have to assemble diverse, agile teams and develop plans to deploy fast responses when faced with large-scale business disruptions.

And, we must all address the underlying issues and rethink what corporate citizenship means. We must move fast to architect the sustainable legal expertise that will enable us to anticipate and manage future continuity, resilience, and communications needs.

And that’s just the start.

We must challenge industry rules to keep up with the times. We need to remove the barriers to lawyers’ ability to follow the work and operate remotely. We must open the door wider to all legal professionals. Covid-19 ignores boundaries. This crisis again demonstrates that many industry rules place unacceptable limits on a GC’s solutions when faced with unprecedented disruption.

They say hindsight is 2020. The year 2020 will be the year for legal hindsight – the year the industry’s resistance to change yielded in the face of a crisis that forced reimagination and recalibration and, ultimately, remarkable resiliency. **▶**



Diane Gilhooley
Global head of human resources and
pensions
Eversheds Sutherland

[@ESgballaw](#)

Studies consistently show that absences or low productivity result from tired, stressed-out employees, with increased costs to employers

SPEAK UP

Supportive acts

There is no doubt that the unprecedented circumstances of the Covid-19 crisis have revolutionised the way we live and work. Where it has been possible, many have made a shift to remote working, at least until a return to workplaces can be achieved.

For some workers, remote working has been a totally new experience, with a number of positive outcomes. However, even for those with experience of working remotely, no one has ever experienced the mass organisational change the current situation required of both workers and business. Then there are the additional factors of having young families at home, wider caring responsibilities, busy and noisy shared workspaces, isolation, and the uncertainty of the developing Covid-19 situation as it unfolds. All have the potential to create daily challenges and worry for workers.

Whether work is undertaken from home or onsite, employers have a legal responsibility to provide a safe place of work. Even before Covid-19, many employers had already started to focus on employee wellbeing initiatives. These often included greater visibility around mental health issues and support. With extended social distancing, and workers inevitably feeling disconnected from their colleagues, many employers are now considering how to extend those initiatives beyond the traditional workplace. For example, they are finding new creative ways of keeping in touch remotely, such as through digital platforms and apps, and hosting virtual social events and celebrations.

Businesses need to think widely about the needs of their workforce and

consider how to support and stay in touch with those who may be shielding, live alone, have limited working space, be managing young children, and so on.

The law has long recognised the importance of time away from work for employee health, and many employers recognise the benefits of an appropriate work-life balance. However, remote working has the ability to blur the lines between work and home life, with the added difficulty of ‘switching off’ when working from home. Studies consistently show that absences or low productivity result from tired, stressed-out employees, with increased costs to employers. For example, an EU Commission report in 2018 cited economic costs to European employers of £215bn due to mental health.

In these exceptional times, it will be important for employers to ensure that employees are able to function effectively, providing suitable support and ensuring appropriate working time. Despite facing significant commercial challenges, failing to recognise and protect the mental health of a remote workforce could have a considerable impact. New ACAS guidance recognises this, encouraging employees to access support while working remotely or if furloughed during the pandemic.

The ‘new norm’ of remote working has often been the only way in which businesses have been able to keep operating. However, the legal responsibilities of ensuring a safe place of work, and that working time requirements are met, should not be forgotten. What’s clear is that a workforce that supports each other to get through these exceptional times together is key. ▴



Mike Bailey
Managing director
Pinnacle

 @PinnacleOa

 For more information, visit:
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The ability to manage cashflow, and to forecast accurately, relies on up-to-date and reliable information, and this can be supported through improved process automation and integration

 COMMENT

Cash in the time of Covid-19

It is probably fair to say the expression ‘cash is king’ has never resonated more.

Business stakeholders are more demanding on cashflow position, and in particular look for more predictability in receipts from clients.

Law firms have used different strategies to manage their finances through these uncertain times, including controlling costs with the government’s furlough scheme, reducing the working week, and reducing non-essential expenditure, including major project activities. These all help to manage costs, but as many projects are capitalised, the real prize is managing cashflow. So, it’s interesting there are no out-of-the-box cashflow forecasting tools available to law firms.

The ability to manage cashflow, and to forecast accurately, relies on up-to-date and reliable information, and this can be supported through improved process automation and integration. Typically credit control teams manage collection activities, and produce forecasts that can be integrated into firm-wide cashflow projections. In order to get clients to prioritise outstanding firm invoices, firms are looking to adopt different strategies in the collection of outstanding receivables, and technology suppliers are looking at ways to assist.

Pinnacle and Intapp have worked with small groups of firms to develop processes to support remote working. These have been rapid to build: working with three US firms, we have developed a finance form and workflow to help improve cashflows. The lawyers are given authority to offer incentives to clients to pay outstanding bills, through either alternative fee arrangements or a reduction in outstanding fees. The approval process for any write-down is managed through the forms and in

email, and provides decision makers with client-specific financial information, including on revenue, realisation, and profitability, to support the decision-making process.

McKinsey’s recent report, A road map for post-Covid-19 growth, advocates a mental model of SHAPE for the ‘new normal’, The S stands for startup mindset – acting fast. A stands for accelerate digital, tech, and analytics – getting insights, knowing how things are changing, seeing the recovery. And the E is for ecosystems to drive adaptability. Our work with three firms is a simple example, but they will now have clearer, faster decision-making – and a fair part of the SHAPE mindset.

It seems remote working is here to stay. Firms have generally been able to make staff productive, but there are still too many processes that rely on email, or people being in the same building. It’s not unreasonable to expect the next wave of activity that supports remote working being to build in efficiency through process automation, which at the same time will enforce internal controls and ensure consistency and auditability of each process. For example, cash management solutions are an imminent challenge, filling a gap in the finance department armoury and giving the CFO and treasury team many capabilities, including:

- Automated cashflow forecasting
- Simplification of integration between finance system and the banks, allowing a simple file format to automatically transform into almost any format required to support payments.
- Ensuring compliance with, and managing changes to, mandates
- Improved detection of potentially fraudulent payments.

Cash was, is, and always will be, king. We are working on finding new ways of dealing with an old reality. 



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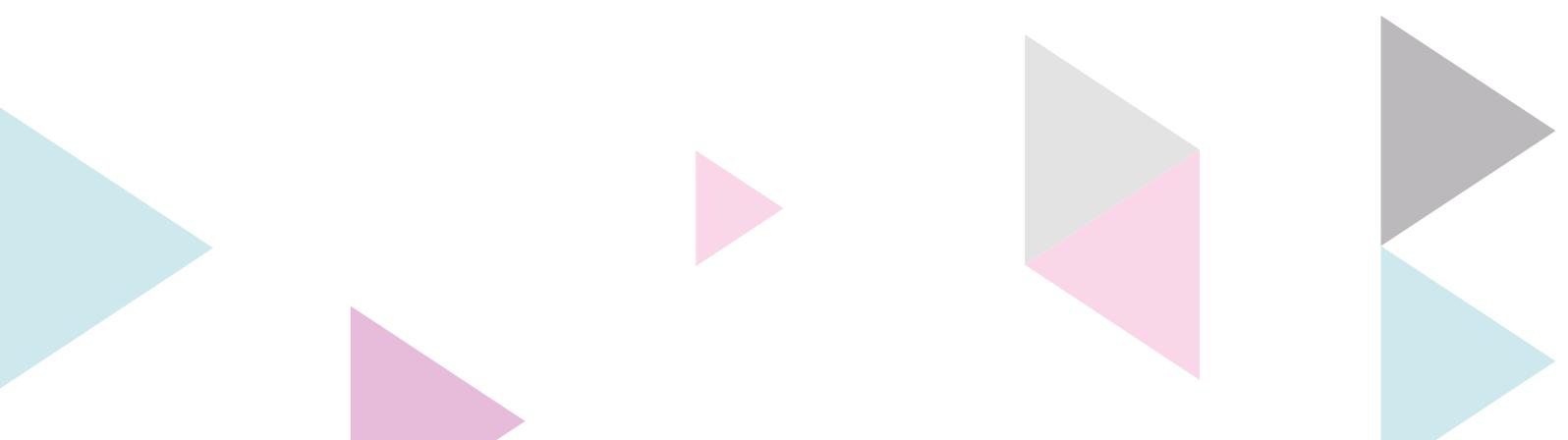
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Is finance fit for the crisis?

What's on legal finance leaders' minds navigating the pandemic? Josh Adcock reports

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Think inside the cube

Josh Adcock meets several of the many faces that together form team Cubed at **Bryan Cave Leighton Paisner**

THE BIG IDEA

Is finance fit for a crisis?

Firms' finance functions have gone from strength to strength in recent years, improving profitability by addressing long-term challenges. But the pandemic has forced them to consider new perspectives and accelerate more flexible thinking, hears Josh Adcock

In its 2019 survey of law firms, PwC found the finance function was one of several business support areas to have improved across a range of metrics, after three years of lacklustre performance. It listed pricing and profitability, working capital and business analysis as current areas of focus, and found that problems remained around high levels of fee write-offs and lockup days. Of course, since the publication of that report, the world has been subjected to the health and economic ramifications of the Covid-19 (coronavirus) pandemic – prompting a shift in many law firm finance functions' priorities, and a doubling-down in other areas, with some legacy improvement initiatives additionally proving

fortuitous in hindsight.

Fixing the roof while the sun shines

Although very different from the 2008 economic crisis, Tony Williams, principal at Jomati Consultants, says a global downturn wasn't entirely unexpected: "Until March 2020, we were in the eleventh year of a bull market. We couldn't have predicted a pandemic, but the economy wasn't going to be good forever," he observes.

It's unsurprising, therefore, that firms have been working to improve their financial situation for some time. Group finance director at DAC Beachcroft (DACB) David Gillard explains his firm had historically been running relatively high levels of debt, with a balance of £39m at the end of the

“There’s a lot to do around strategic price planning in a very short period. It’s a fluid situation.”

*Adrian Avanzato, head of pricing,
Pinsent Masons*



2013 financial year. “That’s not huge but it felt pretty uncomfortable. It’s gone down every year since – we’ve consistently grown and improved profitability – and, at the end of the 2019 financial year, we hit net cash. That improvement in liquidity was in large part due to improved financial discipline,” he says.

In response to the pandemic crisis, many firms have reduced or delayed dividends paid out to partners. Gillard, however, says proactively retaining profits has been a cornerstone of DACB’s financial strategy in recent years – which he describes as “repairing the roof while the sun is shining”. While the legal sector might still see this kind of financial prudence as “innovative”, for many outside he says it’s “all a bit old-fashioned and boring – but that doesn’t mean it’s not the right thing to do. What business outside legal distributes all its profit every year by way of dividend?” he asks.

Keeping a tight hold on partner dividends and firm borrowings has been a theme throughout the years since 2008, says Williams – but he adds that many firms have also placed an increased focus on managing matters by bringing in legal project managers, pricing specialists and other experts. “Having seen their finances salami-sliced for five or six years, profits then started building back, partly because firms brought in those specialists,” he says.

Alternative methods of resourcing have also had a role in firms’ developments. David Carter, chief product officer at Norton Rose Fulbright, and head of the firm’s innovation and solutions-focused Transform programme, explains that deploying new solutions for clients has also meant developing more structure and discipline. “Instead of partners directly selecting and allocating work, we brought in dedicated resource managers – they’re able to explain and implement all the new methods we have of structuring and delivering matters, including technology and our

delivery hubs,” he explains.

Of course, investment in technology has been part of finance functions’ improvement plans too. At Allen & Overy, global finance and operations director Jason Haines says his firm has been developing automated financial reporting for the last decade in order to increase efficiency and accuracy: “We have a global, single-incidence finance system that produces around 350 sets of management accounts within five days of the month end. Almost all of it is now automated.”

Info hunt

A focus on better financial information is another of the trends Williams has seen across legal finance teams. “The shift hasn’t just been around more data on billing, WIP and debtors – there’s also been more analysis of the profitability of certain types of work and client relationships,” he says.

Mike Giles, finance director at Fieldfisher, agrees. He says the firm has been rolling out a new practice management system, based on Microsoft Dynamics, over the last three years – which has provided an opportunity to review financial reporting and is serving as the springboard for a new focus on predictive analytics. “Rather than merely looking at the historic data, we can find out why something happened and what might happen in the future. Those early indicators are going to be key,” he says.

There has been a similar focus at Moore Barlow (Moore Blatch and Barlow Robbins officially merged in May 2020), says its chief financial officer Chris Ake. He explains that his firm is also introducing a new PMS, which will improve real-time performance information. However, he says it will also change the finance function’s focus: “More of our people will be spending time giving answers about what the information produced means, rather than just producing it.”

Ake adds that transparency has contributed to

“Lawyers need to deliver legal expertise in a commercially viable way, so we’ve been providing more performance information.”

*Chris Ake, chief financial officer,
Moore Barlow*



developing a commercial mindset in the firm. He asks: “What does ‘good’ look like for a lawyer? It’s more than just delivering a large bill. Lawyers need to deliver legal expertise in a commercially viable way, so we’ve been providing more performance information than before to support that.” He explains how one recently promoted partner embodied this more financially-aware, commercial thinking when he was given his hard copy of an expensive ‘information bible’: “He asked why he and the other 10 members of his team each have a copy of the same book – one costs almost £1,000. He’s shifted his thinking and started questioning the financial implications of various choices.”

Also reflecting on perception, Gillard at DACB says finance can sometimes be seen as a “police presence” entity, standing outside the rest of the firm, while it’s crucial to instead make finance a trusted part of the business. About five years ago, Gillard explains, DACB set out to redefine its strategy, cultural outlook and governance structure. The result, he says, is a more ‘corporate’ structure, in which he has both the ear of the partnership and the ability to make decisions quickly: “There’s trust within the organisation. Partly, that’s because finance is truly embedded in the business and is respected as part of it.”

Feat of the moment

For many firms, tightening up financial discipline and introducing new initiatives, structures and processes has proved fortuitous in hindsight now that a recession – however long – seems inevitable. But few would have expected it to be the result of a global pandemic, nor foreseen the speed of events – necessitating swift and unprecedented action. At Moore Barlow, Ake says the firm has explored and implemented various of the government’s support measures, including furloughing staff – although not within the finance function, which has continued to be busy. What has changed is the focus and frequency of the information produced

by the team. “We’ve all had to become very good at the commercial side of the job. It’s no longer just about reporting, it’s about forecasting,” he says. Demand for information from the finance team has increased, he adds, including information that’s always been available but is now performing the function of an enhanced ‘pulse check’.

Transparency has been crucial too, he says. The firm consulted staff when considering pay cuts and furloughing, to explain why these measures might be necessary despite the firm still seeming busy. “We had forecasts suggesting things were going to go downhill – although we’ve still not really seen that happen, we’re continuing to update and share our financial modelling with the rest of the firm,” he explains.

Haines agrees that the slowdown has yet to appear, saying that, although A&O hasn’t seen an increase in overall work volumes, it has received many minor client enquiries about the impact of the coronavirus on their agreements, covenants and other legal matters. And, as for the risk of clients being reluctant to pay, he says that hasn’t happened yet either.

DACB has implemented a Covid tier-one team, Gillard says, including a variety of business leaders from across the firm – which meets daily – and executive and board meetings have also become more frequent. The most important information produced for these meetings, and from other sources, is now pushed out by email from a senior executive, which Gillard says is more likely to draw attention than more “passive” IT systems, such as intranets. “Daily data can be very noisy, so these communications include weekly trends, in graphical form, including instructions, hours worked and chargeable hours per person,” he says.

And along with an increased focus on communications and accessible data, firms have also been looking at their pricing and resourcing. While the business-as-usual work undertaken by the pricing team at Pinsent Masons remains steady,

“There’s almost nothing we’re doing that isn’t relevant to what clients are asking for now.”

*David Carter, chief product officer,
Norton Rose Fulbright*



head of pricing Adrian Avanzato says he’s seen an increased need for contingency planning and more agile pricing. “There’s a lot to do around strategic price planning in a very short period. It’s a fluid situation – some areas of work may increase, and others decrease – we just don’t know by how much yet. We’re only just starting to see those trends.”

Carter says the Transform team at Norton Rose Fulbright has never been this busy: “There are so many novel problems clients want to hear about – there’s almost nothing we’re doing that isn’t relevant to what clients are asking for now.”

Catching the turning tide

One of the biggest operational challenges for firms has been working away from the office, which some have been more prepared for than others. Whether by luck or judgement, Giles says Fieldfisher had already been trialling a ‘virtual finance team’ over the last 12 months, spread over its London and Manchester offices and incorporating hotdesking and remote working. “It was a good dress rehearsal for coronavirus – we’ve still had to learn as we go, but I’m almost certain we’re going to see more flexible and remote working at the end of lockdown,” he says.

Tony Williams at Jomati believes the success of working from home has significantly eroded the culture of ‘presenteeism’ that was still found in law firms’ cultures, as he estimates firms have achieved 85-90% of their normal production levels while in lockdown,

He says: “We’ve had a six-week ‘petri dish’ running homeworking – and it’s worked for all the firms I’ve talked to. The dinosaurs who said homeworking was a ‘slacker’s charter’ three months ago have now been blown away.”

When the world of work begins to settle into a ‘new normal’ – whenever that might be – Haines says Allen & Overy is keen not to slide back into some old habits, and one silver lining has been the

chance to prove remote working can be at least as productive as being in the office: “There’s enormous value in physically being at work, but there’s no doubt there were inefficiencies in the previous ways of working. We’re looking at ways of combining the best of the old and the new.”

The success of working during lockdown will likely also prompt firms to scrutinise costs. At Moore Barlow, Ake says all the firm’s staff had been working productively from home for seven weeks (at the time of writing) – prompting a new approach. “Property is a big component of our costs and reducing that would significantly affect our profitability. When a lease comes up for renewal in future, we won’t just renegotiate the lease as before – we’ll consider how much space the firm really needs,” he says.

Is the price right?

Williams adds that one consequence of increased remote working will be a shift towards measuring this productivity, which has implications for service delivery and pricing. “Metrics will change and become more specific. General counsel have long wanted ‘more for less’, and the pandemic has only supercharged that mantra,” he says.

Giles at Fieldfisher mentions increased recent interest in the firm’s FeeSolve programme, which aims to risk-share the cost of insurance litigation with clients. “I can see a greater appetite for this kind of work in future, and for more risk-sharing structures with clients,” he says. And at Allen & Overy, Haines says demand for alternative resourcing models has also increased – while adjustments made during the coronavirus lockdown will be likely to accelerate existing trends: “As clients realise it’s possible to work perfectly effectively remotely, demand for alternative legal services and work done through remote service centres will go up.”

Firms may need to look more closely into pricing as well, Avanzato says, as the market is

BigHand Global Cash Flow & Profitability Survey

Data Visibility is Fundamental to Global Profitability and Cash Flow Improvement Strategies

Take a look at the key challenges for law firm lock up (inventory), profit leakage and lawyer compensation, and how current data visibility levels are impacting change.



Lock up (Inventory)

'Which areas of lock up do you believe has the biggest effect on your firm's cash flow?'

Pressing concerns



51% Aged WIP
37% Aged Debt

UK firms' goals include improving visibility of lock up to:



Management

Partners

In the UK...



Pressing concerns

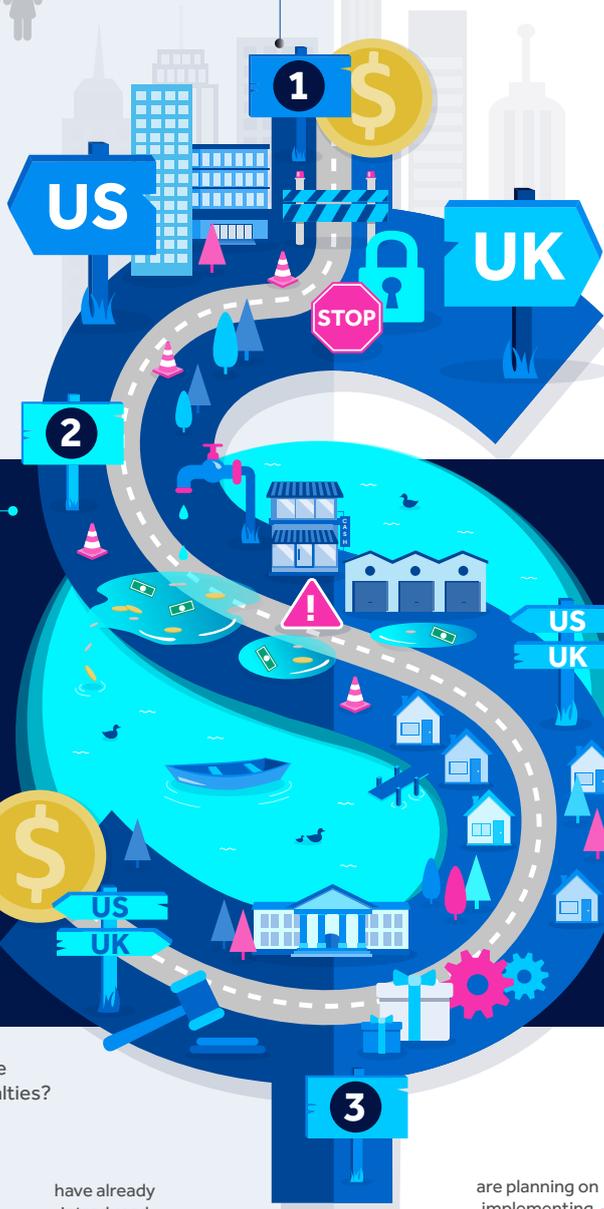
53% Aged Debt
28% Aged WIP



Priority projects concerning Accounts Receivable (AR) in the next 2 years



In the US...



Profit Leakage

Issues having a major effect on the firm's profitability include:



Upcoming projects to address leakage

46%

will be reviewing billing write-offs and standard rate discounts

Yet only **19%**

of US firms currently report on cash realization at a client or matter level

Issues having a major effect on the firm's profitability include:



Upcoming projects to address leakage

46% will be training lawyers in pricing practices

45% will look to improve billable time entry

However, training needs to be supported by accurate data and today, just **19%**

of UK Partners have access to cash recovery data.

What are US firms doing to drive profitability through incentives/penalties?

What are UK firms doing to drive profitability through incentives/penalties?

are planning on implementing incentives/penalties to 'increase profitability margins'



have already introduced 'increasing billable time entry' as an incentive/penalty

are planning on implementing incentives/penalties to 'increase cash recovery'



have already introduced incentives/penalties for 'reducing discounts below standard rates'

Lawyer Compensation

Only **14%**

of Partners have access to key profitability data, this needs to increase to successfully implement lawyer compensation incentives / penalties.

Only **19%**

of Partners have access to this data currently, which raises questions as to how Partners can be realistically incentivised to increase recovery.

“Daily data can be very noisy, so communications include weekly trends in graphical forms, including instructions.”

*David Gillard, group finance director,
DAC Beachcroft*



increasingly moving towards legal ‘solutions’ and the individual service line approach is diminishing. “The conversations around pricing our services are going to be deeper, more granular and more complex. Value-based pricing is going to be in higher demand,” he says. Ake echoes this, saying a new pricing project will be one of his top priorities in the near term.

The unpredictability of the economic future, Williams says, means firms are having to plan for multiple potential scenarios at the moment, with some planning to put their staff on four-day weeks or offering voluntary sabbaticals. How permanent

these and other changes prove will depend on the duration of the pandemic and the shape of the recession that follows – V, U, or L.

But embracing the required change should be a guiding principle, he says: “Firms should be asking how they can get people back to the office in September, working in the way they otherwise would have in September 2021.”

It seems that, whatever the new normal holds, Ake speaks for many when he says that working patterns, priorities and culture will be changed for good by what everyone has been through: “We will not go back to where we were.” ▴

A float in future?

Eclipsed by coronavirus, June 2020 marks the five-year anniversary of Gateley plc becoming the first UK firm to go public (on the AIM market). Reflecting on the experiences of the six UK firms now to have floated on either market since 2015, Tony Williams at Jomati says the more transparent model has had its share of ups and downs

Listed firms need to think a lot about pleasing their investors, he says, but they have other tools at their disposal as well: “People can sell your shares the same day as a business decision. Listed firms also have the potential to hold back dividends, or issue further shares, but it comes at the price of a greater level of transparency.”

Although he says it hasn’t been all bad news for the ‘listed six’ firms, there’s also a compounding effect associated with being publicly listed. He explains: “As is classic with the stock markets, if a firm is in favour and something bad happens, it will have a smaller impact on share price. The reverse is true for firms that are out of favour.”

The big question – will law firms continue to go for this strategy in future? Williams thinks recent events, and firms’ track records, will cause hesitation: “People will ask whether the upsides of a flotation are really that significant compared to what they thought they might have been in the past.” ▴



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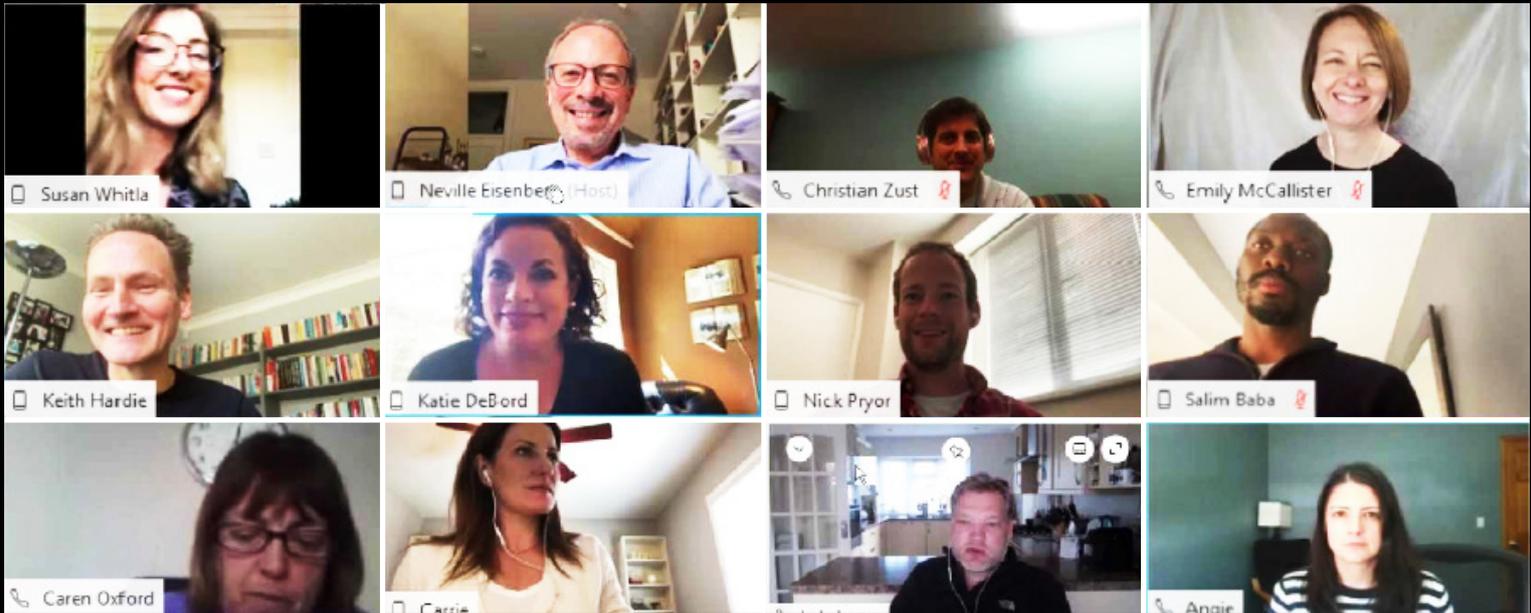
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Think inside the cube

Innovation comes in many shapes. The high-volume legal solutions team within Bryan Cave Leighton Paisner makes the case for cubed to Josh Adcock

Collaboration is one of many buzzwords bandied about among legal innovation aficionados. And sure enough, a multidisciplinary team – balanced, synergised and fully integrated – is at the heart of Cubed, Bryan Cave Leighton Paisner’s high-volume legal solutions initiative, launched in September 2019. Global chief innovation officer Katie DeBord explains that Cubed is, on a conceptual level, an effort to marry the innovation streams developed at pre-merger US firm Bryan Cave and UK-based Berwin Leighton Paisner (BLP) – which became BCLP in April 2018.

Solving to find success

Targeting standardised legal work, Neville Eisenberg, CEO of Cubed and formerly senior partner at BLP, explains that this focus developed from client feedback. “We found clients felt well-served by the market for complex legal work, but it was a different story with business as usual work.”

The driving factors were clear to DeBord too.

She recounts a conversation with a general counsel to explain the problem: “He had reached out to another firm for support with a contracts issue – his people were spending too much time on the details and couldn’t focus on higher-level issues – so the firm sent back six biographies of commercial contracts lawyers. He asked me, ‘When am I going to get solutions to my problems?’” The result of this feedback is a team that focuses on high-volume problems, supported down to the operational level, she explains.

“We found clients felt well-served by the market for complex legal work, but it was a different story with business as usual work.”

Neville Eisenberg, CEO, BCLP Cubed

Cubed is an improvement on the initiatives that either legacy firm had before, says Christian Züst, product manager for Cubed. He had worked for a group at Bryan Cave that created bespoke solutions for clients, but which could only reach a limited number of them. “We’re taking what we learned about client engagement and seeing through difficult problems holistically, then finding ways to scale up and solve problems more categorically. Many of our clients face similar challenges, and the technologies, best practices and team structures that work for one can be configured to suit many others,” he says.

Process of collaboration

Cubed has three key dimensions (appropriately enough), Eisenberg explains, through which it delivers solutions: a platform for delivering legal services, legal operations support and high-level legal expertise. Bringing these elements together is a delicate dance of collaboration – and having team members with different skills and depths of specialist knowledge is critical to developing the holistic solutions, says Angie Ligon, global account management director for the team. “You have to look at the issue from a client-centric perspective – and you need different, specialist skillsets to do that. When you collaborate, you bring those pieces together and create something different.”

For instance, Salim Baba, legal operations solutions manager for Cubed – but who also works for BCLP’s legal operations consulting arm Cantilever – says insight gained from that practice can help Cubed deliver. “Trying to see opportunities to improve on the client side helps us to better identify which technologies may be helpful for another project, but sometimes it even helps the client directly. It can be quite an eye-opener for some clients.”

Key to the concept is another trifecta: process, people and technology. The first aspect requires deep, specialist expertise, just as much as in any other discipline, DeBord says. “Lawyers, by and large, aren’t trained process engineers. It’s a unique skillset and, until you have a proper process engineer at your side, it’s hard to appreciate the value of that.”

Enter Susan Whitlaw, head of process improvement at Cubed. She says BLP’s process improvement team had been around for five years before Cubed, but how the team collaborates and implements its process expertise has changed:

“Partners were bringing us in for particular problems, which we would address at source before moving on.” With Cubed, the team begins with best practice and offers that template as a product to the client, rather than trying to improve on existing client processes. “You’re pushing rather than pulling or trying to fix what’s already there,” she adds.

Finding the right platform

It’s fundamental, Züst adds, to have a truly multidisciplinary approach in order to deliver a solution, not just legal advice. “Our clients’ problems aren’t exclusive to their law department – it’s part of an ecosystem that all adds value to their strategic goals. If we were to leave parts of the multidisciplinary approach out, we’d potentially be leaving gaps in a solution. For instance, even if technology isn’t so important in one particular engagement, excluding our technologists from the discussion runs the risk that a gap will manifest itself later.”

To spearhead this dimension of the offering, the firm hired Jody Jansen from Gowling WLG to become Cubed’s chief technology officer. Jansen has since built up the platform architecture, through which clients interact with the solutions.

However, the path to enabling staff and clients to collaborate wasn’t to be found through impenetrably technical systems, Jansen explains. “Traditional coding doesn’t encourage collaboration relevant to our skills. So, we selected a low-code/no-code platform that allows us to visually develop a solution.” These are constructed from the building blocks available on the third-party platform used by Cubed – which he says has allowed it to iterate quickly, opening up opportunities for creating new, proprietary products. “The speed at which we can

“Traditional coding doesn’t encourage collaboration relevant to our skills.”

*Jody Jansen, chief technology officer,
BCLP Cubed*

communicate requirements, execute them, and work on workflow design or data extraction, allows us to build the right products for clients. That's due to our technological capability to be flexible."

That flexibility includes being technologically agnostic, adds Baba. The team can use any tech that best suits, swapping out the right tools for the job at hand, whether that's document automation, contract analysis tools, or anything else.

Blended skills palette

Balancing these strengths and skills, and optimising the formula, is the final piece, says Nick Pryor, product manager for Cubed and director of innovation solutions for the wider firm. "We're always utilising multiple skillsets, deciding which design decisions would result from a given technology, how the legal process management team can manage and support the work, and choosing which parts of the work are better served by lawyers working on complex matters to design a playbook most effectively – we're trying to be the sum of all those parts."

The ability to blend volume work with complex legal advice in this way is one of the major benefits, which relies on a triage process, Whitlaw adds. It involves sending work up to the complex team if needed, striking a balance between efficiency and high-level complex advice. It's a strength that she says sets Cubed apart: "We can offer more than an alternative legal service provider, which may not be able to offer that advanced playbook design service."

Whitlaw explains the benefits of one specific new solution Cubed is piloting with clients: it offers commercial contracting support, including what she calls a "root and branch review" of clients' playbooks and templates. While these complex matters are being worked on by the firm's lawyers, the volume aspect of the solution is also worked on by paralegals in its Manchester delivery centre. "They're getting the process expertise from the likes of myself, a tech platform which offers reporting automation and data analytics, and complex legal advice, as that comes in through the design of the playbooks in the first instance."

Global

In addition to being a multidisciplinary team, Cubed is also an international one – the UK delivery centre in Manchester is mirrored by a

similar one in St Louis, Missouri, and the senior team operates from both sides of the Atlantic. Zust says this has been no barrier for the team, which has been reaping the benefits of utilising structured processes and technologies beyond mere videoconferencing for some time. "Workflow tools enable real-time notifications that are directed to a specific person – somebody reviewing a contract knows it's their turn and, when they're done, it will pass to somebody else," he says. On top of that, he says information can be aggregated up to an account manager such as Ligon, and fed back holistically to the client.

At the time of writing, widespread lockdowns across the globe, prompted by the outbreak of the novel coronavirus Covid-19, have forced businesses to rapidly adapt to remote working, causing disruption for many. But Zust says this has also further highlighted the benefits of the team's ways of working: "The technology helps everyone stay connected – so everyone's paddling the boat in the same direction," he adds.

The team has also tried new, arguably innovative ways of keeping in touch through lockdown, Jansen says. He recently introduced 'vrijdagmiddagborrel' – Dutch for 'Friday afternoon drinks' – starting in the UK at 5pm (though the US-based were only drinking coffee). Each member talks about their week and how they felt. "We demonstrated our progress on several projects – Salim [Baba] was nominated to present his product, for instance. We like to make sure everyone is aware of what we're all doing." So, there's space for thinking outside the box even while innovating within the ultra carefully-designed cube. ▲

"Workflow tools enable real-time notifications that are directed to a specific person – somebody reviewing a contract knows it's their turn and, when they're done, it will pass to somebody else."

Christian Zust, product manager, BCLP Cubed

Briefing

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Critical connections

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Change the conversation

Gareth Thomas and Guy Adams at **Intapp** explain how data can help to build better client bonds

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No lawyer is an island

Todd Miller at **Intapp** says it's vital that firms have collective knowledge of contacts



INDUSTRY INTERVIEW

Change the conversation

A strongly connected client experience in extraordinary times relies on having a smooth process for firms' underlying data, and then using it to ask the right questions, say Gareth Thomas and Guy Adams at Intapp

As much as having the technology in place to facilitate it, the huge essential shift to homeworking in March 2020 has required law firms to challenge themselves concerning the fundamental quality of their communications. How often, and when, should they really be communicating with people to achieve the best experience for all in extremely difficult circumstances? How can the right messages be effectively prioritised? And of course,

what should they actually say?

That means to their employees of course, but also their clients. Now, surely, is a time to stand out as the firm your clients feel an affinity with on a cultural and human level, as well as being a business they can rely on for their changing legal needs.

Listening to learn

Gareth Thomas, practice group leader for the



“Historically, you’ve seen a fair amount of awkwardness around having really open dialogue. Positive feedback is good to hear, but it’s the negative that you most need to hear.”

Gareth Thomas, practice group leader for the marketing and BD practice, Intapp

marketing and BD practice, EMEA, at Intapp, says firms should be making very proactive improvements to their client-listening programmes. “Historically, you’ve seen a fair amount of awkwardness around having really open dialogue with clients,” he says. “The idea behind these activities is to get useful information, share it across the firm, and act on it. However, partners in particular can shy away from any suggestion of criticism. Positive feedback is good to hear, but it’s the negative you most need to hear.”

Guy Adams, general manager, leaders and professionals solutions, adds: “As an ex-lawyer, I know that it really used to be a case of, do the work, send out the bill, and the less you have to speak to the client the better! Admittedly, partners are now more likely to pick up the phone, but it could still only really be making contact – not truly communicating.” Upskilling lawyers to best practice in client listening and questioning, so they can reach the insights they most need to serve a client well, is a big “missing piece” of today’s business-improvement puzzle, says Adams. “There’s a real skill in getting to the root of what a client really needs in a situation, which isn’t necessarily what they think they need.” And

needless to say, pointing that fact out is a conversation best had with a good level of emotional intelligence as well.

Today, more than ever, firms also need to realise that good communication with clients is not in fact over-communication. “GCs are incredibly busy – all the time,” he adds. “Some are understaffed, and others are basically trying to run a mini law firm within a corporate. Firms need to try to free those people up, so communication can’t be lots of emails that don’t get to the point. It needs to be powerful and productive.”

Indeed, a slim silver-lining in times of lockdown may be that communication has tended to become more personal and authentic, he observes. There’s less mass email, and ironically a little more face time. People share a stoical laugh, you can see their children messing around in the background, and ties are off if you aren’t being filmed for a thought-piece on the subject.

Team formation

Of course, another area of focus is how well technology investments are delivering for both firms and their clients in the circumstances of the crisis. That goes for client listening, comms, pitching, and lifecycle management, as much as





“Law firms ‘leak time’ in many ways – discounts, write-offs, and then when it comes to collection. They really can’t afford to do so because it isn’t being correctly recorded.”

Guy Adams, general manager, leaders and professionals solutions, Intapp

any other legal business area.

For example, a more automated way of pulling together the firm’s people with the right combined skills and experience is one example that could assist teams responding to RFPs when so much more dispersed. And enabling more efficient work/resource allocation will be key, not only to the more flexible model of work that may stay for the longer-term, but also to protect matter profitability through the economic challenges that now lie ahead. Are the people at the right point in their careers doing the right work to make the whole more efficient?

Firms will be asking questions about their structures moving forwards. “Do they need that huge office in one city, or could they move to something more hub-and-spoke?” says Adams. “When everyone is in the same office, it’s fairly common to pull somebody you want into a matter; but now it’s not that easy.” Nor is it efficient, he adds.

“We know a lot of firms have found they don’t have the process or structure to find the right lawyer for a job – as important for internal development and diversity as it is for efficiency and client service.” If agile working now becomes more embedded in law firms, one hoped-for

outcome would of course be improved equality of career opportunity and progression.

Investment in information and automation could help on all these fronts. Just before lockdown, Intapp was gearing up to launch its OnePlace for Marketing suite; integrating a trio of recent acquisitions (DealCloud and gwabbit, alongside OnePlace itself), which is designed to streamline understanding of both client relationships and internal experience for further efficiency gains.

Thomas explains: “As well as lawyer experience, it means people can easily access information, and run reports, about who has been communicating with who; track the success of client-focused content; and create key clients and sector plans that include meaningful listening activities.”

An alternative world of multiple systems and silos isn’t only an obvious problem from the perspective of a law firm’s internal process efficiency, he says. “There’s also no continuity to the client journey – everything is passed through different processes and teams. It’s at the junctures between these that the client experience can suffer from misunderstanding or delay – the smoother the data journey, the smoother it



becomes for the client.”

Time to change

Other solutions that should help with homeworking productivity include Intapp Time – lawyers can capture time passively, and on their mobile if they don’t have the luxury of multiple screens, for example – and also effective client financials and conflict-checking to avoid time wasted. OnePlace for Marketing also integrates with external data sources such as credit-risk information from Dun & Bradstreet.

“CRM and conflicts work should be integrated to make the most of both,” says Thomas. “It’s more operationally efficient to run an early conflict search before you pursue an opportunity too far; you are now aware of that potential obstacle to progress further down the line. Similarly, you can run conflict searches on individuals and businesses when creating lists in CRM to eliminate less-likely prospects when resourcing them all is such a challenge. You don’t end up with lists solely because they are the lists you’ve used before.”

The data on both areas already exists, but it needs to be linked to see the benefit. Intapp has an approach called “zero entry”, he explains – information stored in one system should be able to be reused somewhere else. “Another great example is using time-recording data to build a better picture of a lawyer’s true experience. If they haven’t updated their career biography for a while, the system can automatically suggest that person with the right expertise based on the work they have done to date.

“The lawyers aren’t doing anything extra in their workflow, but actions they’re performing in systems are surfacing other information automatically, whether it’s relationship strength based on email exchanges or business development potential by time entry.”

Completing the picture are Intapp Terms – designed to ensure lawyers are adhering to the agreed-on outside counsel guidelines – and a pricing tool that uses AI to harness data from historical like-matters, helping lawyers to drive decisions, and client conversations, on that

often-tricky topic. “Many have survived on spreadsheets and what’s in their heads up to this point, but they now realise a central system is essential,” says Thomas.

Adams adds: “Firms are telling us they potentially have a 360-degree view of a client globally for the first time.” But it’s a view that relies on real-time data, with no exceptions. “Some firms are now enforcing rules that lawyers simply must record their time daily; there’s no flexibility there at all. It may have been seen as less important in the good times, but now leadership needs to know what’s coming through that could be billed each and every day.”

Clearly, automatic time capture has the power to help them comply. “Law firms ‘leak time’ in many ways – discounts, write-offs, and then when it comes to collection – but if clients now start to take longer to pay, they really can’t afford to do so because it isn’t being correctly recorded.

“It can’t fix a business completely, but without real-time information in your hands you are flying in the dark.”

Cloud consensus?

Finally, now almost everyone in the legal profession has become a laptop-tapping remote worker, is the case for cloud-based access to documents and information – something **Briefing** has long tracked – cleared up? Intapp has said OnePlace for Marketing is the business’s first example of delivering on its vision of a complete financial and professional services industry cloud.

“The standard historical challenge has been security, but so much money has now been invested, data is usually safer in a cloud than on any one firm’s own systems,” says Adams.

“We’ve now reached a point where not only is on-premise often worse than a cloud offering from a security standpoint; it’s also essential to have the remote agility and flexibility to work efficiently away from the office – which on-premise can never fully give you.” From key client understanding to key infrastructure, in every respect law firms are learning they may need to flex established patterns even more than they thought in future. ▲

▲
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No lawyer is an island

Todd Miller, vice president, marketing and business development practice, at Intapp, says establishing new and trusted connections between sources of information is key to firms thriving commercially through 2020

Every time I've spoken with a firm considering a signature-scraping solution for their CRM system during the past decade, I've been asked a similar question: "How do you address lawyers' concerns about sharing their contact data?"

Mind you, these questions come from executives at law firms that already own a CRM. For years, my thought-bubble response to the question was: "Why on Earth would your firm invest in a CRM if your lawyers won't share their contacts?"

Eventually, that morphed into a different question: "Is your enterprise a law firm or a 'lawyer hotel'?"

As it turns out, this question is a lightning rod to a much bigger problem for many firms. Although

most businesses suffer from silos of some sort – departments, systems, processes, and data – law firms exponentially compound this problem by sequestering lawyers' address books in hundreds of micro-silos.

Not that it matters much that lawyers hold their contacts close to their chests. Our research shows that up to 40% of address book contacts are out of date. This is because, on average, workers change jobs every 4.2 years. This translates to an annual contact decay rate of about 25%.

The Covid-19 crisis compounds this problem further. A recent McKinsey study found that more than nine million white-collar jobs are either at risk, or have already been lost, representing more than 10% of the US white-collar workforce. In effect, this means that determining whether or not



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a given contact in any lawyer's address book is current is essentially a coin toss.

When assessing the cost of bad contact data, consider the special role that contacts play for a law firm. Contacts are the first step of the client journey. If firms are successful, contacts become clients. Through relationships with other people, contacts create the bridge between prospective business and actual billable hours.

With contacts cloistered away in 'lawyer hotel rooms', individual lawyers may have fragmented awareness of their own contacts, but the firm has almost no collective knowledge of this essential information. Without awareness of its contacts, the firm also has no knowledge of its matrix of key relationships.

This describes the state of 1990s-era CRM systems, a standard to which many major firms still cleave in 2020. These expensive systems are, in essence, gilded buckets for contacts that lawyers may or may not opt to share with their colleagues. Even for those relatively few contacts that make it to the CRM, there's an abundance of missing data, including how well lawyers know each contact, and the dates they last engaged. The system also provides no idea as to whether those contacts still work at the companies listed in their source address books.

Building bridges

Data islands aren't restricted to lawyer address books. Information silos include individual matters, time spent on those matters, awareness of conflicts and contractual terms, as well as essential news and information about clients and their companies — not to mention inventories of the firm's own expertise.

When isolated, these data silos bring some utility to the firm. But this value pales in comparison to what firms could accomplish by bridging these disparate islands.

Here's one example:

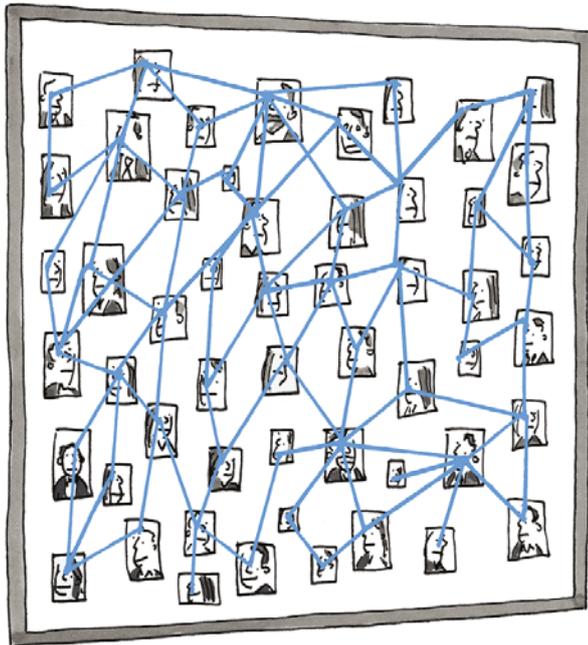
- The business development team prepares a pitch package for business the firm is trying to win. The prospective matter requires specialised intellectual property experience in aeronautics. Ideally, the lawyers working on the matter would be geographically proximate to Seattle. The system identifies the firm's lawyers who best fit

the matter requirements, and drops their bios into the firm's pitchbook and presentation materials.

- The system identifies existing relationships at the firm for contacts at the prospective client. Lawyers re-establish contact in advance of pitch meetings, both to obtain vital intelligence and to begin spinning the deal in the firm's direction.
- The system serves up current news and 'firmographics' about the prospect. In advance of a key meeting, the lawyers who will pitch the business do their homework.
- The lawyers are well prepared. They win the business. Mission accomplished.
- Except there may be a problem: at the matter intake stage, the system alerts the lawyers of a potential conflict. The lawyers perform additional due diligence to assess risk. A fully informed decision is made to proceed.
- Once underway, the system alerts lawyers working on the matter to potential unbilled time. The system also alerts the lawyers to be mindful of terms the firm has agreed to — both in this matter and other clients' agreements — to eliminate obstacles to collecting timely payment on invoices.

This describes the collective platform vision for 2020, one in which the whole of a firm's data intelligence is greater than the sum of the parts. It's a system that not only establishes bridges to disparate data islands, but also sources that data passively, adds context and meaning, and then packages and delivers actionable insights while also providing the means for lawyers to act.

Four centuries ago, John Donne wrote "no man is an island," suggesting that everyone is a "piece of the continent, a part of the main." Although this notion applies to any organisation, it holds particular meaning for law firms, whose businesses evolved from myriad individual practices hosted in brick-and-mortar buildings under a single brand. Law firms of the 21st-century will have seen much focus on those types of physical offices, or even on micro-practices that operate within the firm. The firms that succeed moving forward will be those that tear down walls — both metaphorical and physical — enabling the enterprise to realise competitive and financial gains well beyond those that were possible for their 20th-century ancestors. ▀



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FOR A KEY CLIENT
PROGRAM.



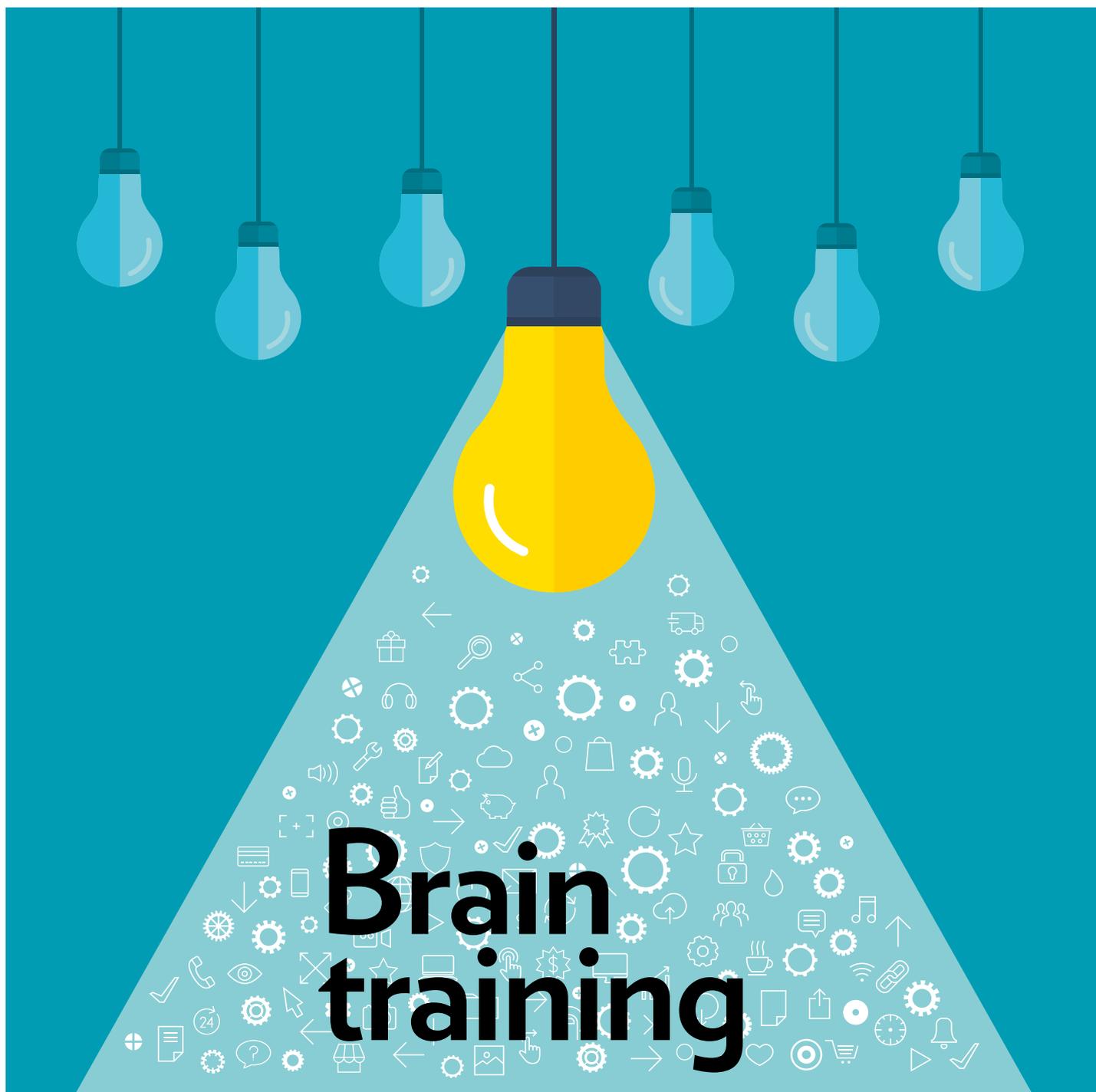
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Agreement on the new normal?

Clare Murray and Zulon Begum at **CM Murray** suggest some ways firms might consider handling a cash crunch

HANDS ON

Agreement on the new normal?

Managing partner Clare Murray and partner Zulon Begum at CM Murray consider the constitutional powers firms should have in place to survive the financial impact of the pandemic



N

o law firm, regardless of its size, can escape the impact of Covid-19. Most firms have been forced to change the way that they operate by moving their entire workforce to remote working, and are relying on technology and social media to stay connected with existing and potential clients and referrers, as well as with their

staff and partners.

We are at the stage where most law firms have now adapted to new working practices due to mandatory lockdowns. The immediate challenge for firms is managing the impact of a looming cash crunch. If the crisis is prolonged, firms may resort to pruning their partnership to maintain profitability while maintaining partner performance and

holding on to their highest performing partners.

Law firms should review their LLP or partnership agreement to ensure that they have the constitutional measures in place to preserve the financial and structural stability of the firm. Below are five critical constitutional measures for firms to help them survive the Covid-19 pandemic and thrive in the 'new normal'.

Steps to prevent a cash crunch

Many deals and non-urgent legal spending have been put on hold indefinitely. Existing clients are taking longer to pay legal fees, and some may even be unable to pay. New engagements are becoming harder to win as many clients are concerned about their own dwindling income and cash reserves. To combat the devastating impact of a cash crunch, many law firms have already taken drastic measures to conserve cash to shore up their balance sheets.

The most popular measures to preserve cash include:

- Halting all discretionary spending
- Furloughing UK staff under the UK's Coronavirus Job Retention Scheme
- Moving staff to part-time working and reducing pay pro-rata
- Offering voluntary unpaid sabbaticals to both partners and staff
- Reducing partners' monthly drawings
- Reducing partners' fixed profit shares
- Deferring undistributed partner profits
- Deferring payments of capital, undistributed profit shares and tax reserves to exiting partners; and
- Exiting partners who are perceived to be underperforming, or are no longer a good fit for the firm.

Firms have also been increasing cash reserves through:

- Partner capital calls
- Using partner tax reserves as working capital

The partnership or LLP agreement is key to restricting partner exits and protecting the firm from the consequent loss of clients and revenue

- External debt financing.

For most of these measures, the firm must have the power under its partnership or LLP agreement to take such action. Such powers are usually delegated to senior management or exercised by a partner vote. In the absence of an express constitutional power, each partner's consent will be required (which can cause unnecessary delay and issues if partners refuse to accept the proposed changes), unless the firm can obtain support from the requisite majority of partners to amend the partnership or LLP agreement in order to delegate such powers to senior management.

Restrict and mitigate the impact of partner departures

Law firms cannot afford to lose their highest-performing partners, particularly in times such as these. The partnership or LLP agreement is key to restricting partner exits and protecting the firm from the consequent loss of clients and revenue. The key provisions to include are:

- **Extended notice period for resignations:** notice periods for voluntary retirement in

large and mid-sized law firms typically range from six to 12 months. Firms should consider whether to include an option for the firm to extend the notice period in special circumstances (such as to ensure the financial and structural stability of the firm during a recession).

- **Waiting lounge:** multiple and simultaneous partner departures (such as a team move) can result in a significant capital outflow and seriously





Firms need to review their partner KPIs, performance assessment policies and appraisal processes to ensure they're appropriate in the current environment

destabilise a firm. A 'waiting lounge' will limit the number of partners who can voluntarily exit in a specified period (typically, 12 months).

- **Restrictive covenants:** former partners can be restricted for a specified period (typically between 12 and 24 months depending on the legitimate business needs of the firm); from working for a competitor, soliciting existing and potential clients, and poaching employees. Clauses preventing orchestrated team

moves have also become common. However, such restrictions need to be carefully worded to ensure that they are enforceable under the current law.

- **Garden leave:** the firm can lock a partner out of the business during all or part of their notice period to give the firm an opportunity to consolidate and transition client relationships.

- **Good leavers and bad leavers:** good behaviour by departing partners (for example, compliance with restrictive covenants) can be encouraged and bad behaviour (misconduct, or a breach of the partnership or LLP agreement, including organising team moves) can be discouraged by deferring a bad leaver's financial entitlements on retirement or setting-off any damages suffered by the firm against the bad leaver's financial entitlements on retirement. Care is required in the drafting to minimise the risk of potential unlawful deduction claims in the employment tribunal following the withholding of current or former partner remuneration without their consent.

Effectively manage partner performance

Firms need to review their partner KPIs, performance assessment policies and appraisal processes to ensure they are appropriate in the current environment. Firms still need to ensure that they manage performance robustly (although, a temporary adjustment may be required to account for the challenges of the current economic climate)

and that they have constitutional powers to manage underperformance, such as the ability to:

- Issue warning notices
- Reduce points or fixed profit shares
- De-equitise
- Compulsorily retire underperformers.

Ensure that the firm adopts a consistent and transparent partner performance management process, with clear evidence of underperformance compared to unaffected peers. Tailored partner performance management policies and processes are becoming more common and are highly recommended to ensure a transparent and consistent approach.

Avoid unlawful discrimination and whistleblowing detriment

Law firms should always consider the risk of claims against them for unlawful discrimination as a result of introducing or amending the partnership or LLP agreement, or exercising discretionary powers in the partnership or LLP agreement.

It is not uncommon for partners who share protected characteristics (such as sex, disability, age or pregnancy) to be unintentionally disadvantaged. Common areas of risk include:

- Suspension or reduction of profit shares during periods of absence, which may discriminate against those who are on parental leave or sick leave.
- Expulsion of a partner who is unable to work for a prolonged

period of sickness may amount to disability discrimination if the absence is a consequence of a disability.

- Compulsory retirement of partners who have reached a specified age.

In exiting a partner for underperformance, for example, it will often be asserted that the partner's performance is no worse (or indeed is better) than that of a number of comparable partners and that their own selection is related to gender, age, disability, or other protected grounds; or that it is as a result of their having blown the whistle on alleged wrongdoing.

It's vital that the firm has, in



It's vital that the firm has both the power to deal effectively with partner underperformance and the underlying objective business data

advance of taking action, both the power to deal effectively with partner underperformance and the underlying objective business data and related evidence to prove a consistent pattern of underperformance compared to peers; one untainted by unlawful discrimination or victimisation.

Amendment powers

In order to introduce any changes to a partnership or LLP agreement, firms will need to follow the process provided for in the agreement (typically, a specified majority of partners will need to approve the changes). If the partnership or LLP agreement does not expressly state how amendments can be made, it is likely that the unanimous approval of all partners will be required.

Note: In this article, we use the term 'partner' in a colloquial sense to mean a partner in a general partnership and a member of a limited liability partnership. ▲

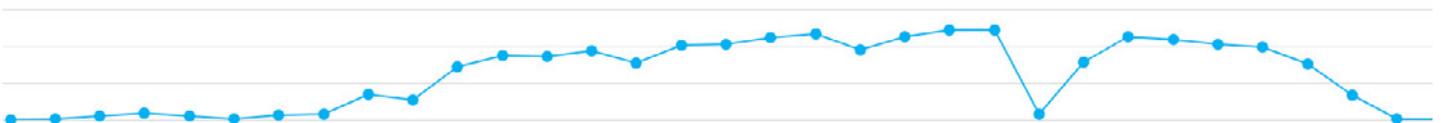


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INDUSTRY ANALYSIS

A brighter outlook

Moving enterprise, matter and financial management to the cloud will accelerate now firms have shifted to remote working to handle the Covid-19 crisis. It's a logical next step, not a leap into the unknown, says Jim Godman, senior director, software sales, at Thomson Reuters Legal Europe

If there's one thing we can be sure of in today's uncertain world, it's that things are unlikely ever to be quite the same again. In a matter of weeks, the impact of Covid-19 has changed the way we live and the way we do business, forcing law firms to rethink long-established ways of working, as offices have closed their doors. Re-opening safely – whenever that might happen – poses longer-term logistical issues. Amid this challenging outlook, however,

The impact of Covid-19 has changed the way we live and the way we do business, forcing law firms to rethink long-established ways of working



there are rays of light. Solutions already exist to help facilitate secure, streamlined, collaborative remote working, notably cloud-based technologies. The 2020s could well be the decade when the cloud has its moment in the sun.

Sharing economy

Adjusting to a sudden, wholesale move to remote working, while simultaneously ensuring that clients' legal needs continue to be met seamlessly, is a tall order. Firms are becoming acutely aware that they need sustainable solutions rather than short-term fixes. Remote working requires robust virtual connectivity between teams, clients and contacts, including instant accessibility to shared documents and workflows online, plus real-time on-demand matter visibility, oversight, and reporting.

The need to control internal processes has become more acute as well, now that staff are so widely scattered. Firm administrators need to know exactly who has been working on what and when, where all the relevant documents are, and what stage a matter has reached, as well as keeping track of why certain actions have been taken. They also need to be able to map matter

management against the latest legal knowhow – all in a way that is intuitive and straightforward to use without the need for extensive in-person training. Business enterprise and legal workflow solutions like 3E and Panoramic from Thomson Reuters have been designed to look the same and work consistently however they are accessed, whether as a cloud product or via on-premises infrastructure. They also easily integrate with existing IT systems and consolidate multiple data sources, making for a smooth transition.

Moreover, firms need to keep clients very much in the loop. In uncertain times, the pressure on corporate legal departments to justify and contain their legal spend is likely to increase, leading them to keep a closer eye on progress and a tighter rein on costs, more so even than they did before. Cloud-hosted systems that enable disparate team members to collaborate easily and interact with clients in a professional, timely and transparent manner demonstrate their value even more quickly in circumstances like those we find ourselves in today.

Migrating financials

Maintaining a high quality of legal work from a distance is one side of the coin. The other is supporting solid business performance. Law firms not only need to continue to do an excellent job for clients, they need to know that they are doing so in

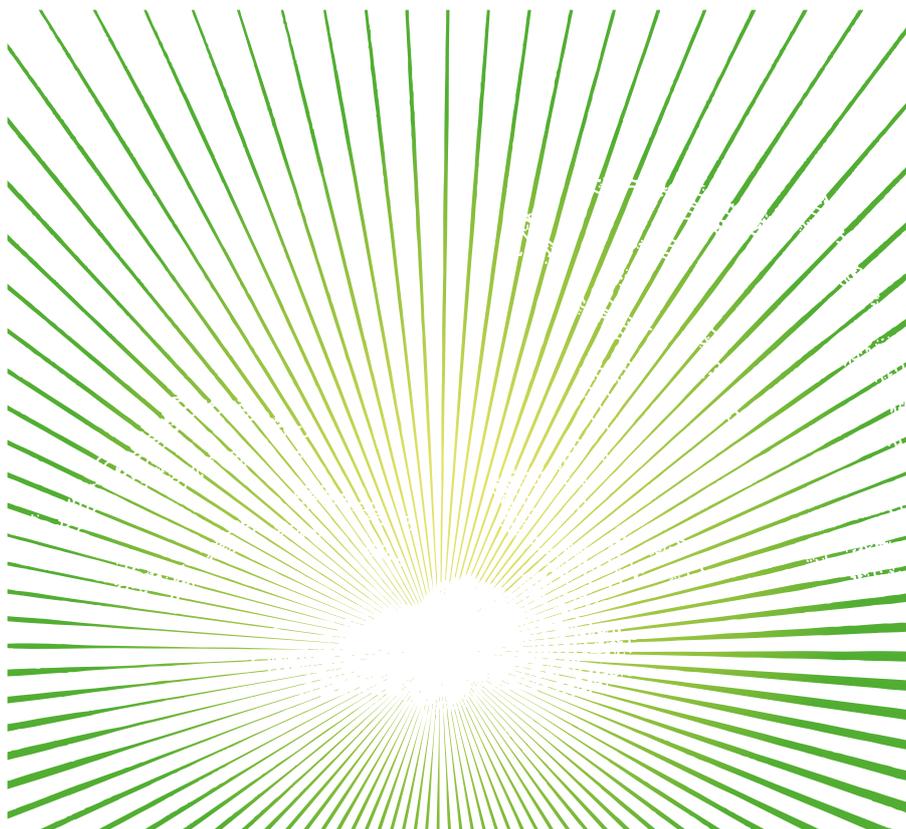
Remote working requires robust virtual connectivity between teams, clients and contacts, including instant accessibility to shared documents and workflows online

a cost-effective, profitable way right now, and to be able to plan ahead in financial and operational terms. In a rapidly-evolving market this is harder, but more vital, than ever.

If firms are to be agile, and make decisions confidently, they need up-to-the-minute information on productivity, efficiency, and profitability at their fingertips, both to address the inevitable teething problems of transitioning to remote working, and as they look to the future. They also need fast and precise modelling. Advanced Financial Reporting Solutions from Thomson Reuters provides an all-in-one platform for firms to address their immediate business challenges and implement long-range planning.

They can budget and forecast based on the most reliable, current data results with greater accuracy, and outcomes can easily be tracked and instantly monitored via real-time analysis dashboards. Modelling for various 'what if' scenarios is also important, for instance by providing insight into key profitability drivers, or using direct and indirect cost data to calculate appropriate fee rates and optimise cost management. The effective management of

With a sharp economic downturn already underway, many firms will urgently want to look again at their cost/benefit analysis of proprietary in-house data centres compared with outsourced software as a service (SaaS) options



partner compensation, and comparing staffing capacity against revenue assumptions, are also vital in this climate to remove systemic risk and enable resources to be deployed more strategically.

Costs and capacity

As times get tougher, there are wider financial considerations to bear in mind when it comes to the cloud versus on-premises data debate. Chief among them is that investment in hardware (such as onsite servers), software, and support services, is minimised by moving to a third party-hosted model. External, outsourced providers can deliver economies of scale, in terms of both capacity and cost, as well as specialist knowledge, rapid update implementation, robust security and reliable networks. With a sharp economic downturn already underway, many firms will urgently want to look again at their cost/benefit analysis of proprietary in-house data centres compared with outsourced software as a service (SaaS) options.

Flexibility will be another key area of focus. Cloud models are designed to be scaled up and down as required, customised to suit specific firm needs, and provide for firms to cherry-pick the modules of a solution they need from a menu of options, which can be altered and added to at any time. Incremental product enhancements can also be made on a regular yet unobtrusive basis, based on what software providers are continuously learning from a wide base of users.



Financial Reporting Solutions is based on enhanced Excel worksheets. As firms move forward from the initial impact of the Covid-19 pandemic, they will need minimal distractions to get back up to speed. Cloud-hosted tools can serve that need, while also making lawyers' lives

Going with the direction of travel

Another thing we can be fairly certain of – whatever the new normal looks like in the aftermath of the pandemic – is that use of cloud services will keep on growing. Microsoft's commercial cloud business swelled 39% to \$12.5bn last year on the back of soaring demand, and more and more businesses and consumers are becoming comfortable with using cloud services for file storage and sharing, streaming, or communication.

In the legal world, adoption is underway, albeit relatively slowly. According to research by the American Bar Association, cloud usage in the US legal sector stood at 58% in 2019, up from 55% the previous year, with the smallest firms leading the way in terms of takeup. The pace of change could accelerate soon.

Even once offices reopen, the chances are that traditional working patterns will alter permanently, with less emphasis on all workers sticking to the traditional office-based, nine-to-five working week, and ongoing focus on flexibility and remote connectivity. What firms need are products that can migrate with a minimum of fuss and disruption, providing everything they need on one platform that looks and feels intuitive and familiar. That's exactly why there is no difference between 3E and 3E Cloud, for example, and why Advanced

easier so they can get on with what they do best, wherever they are working: serving clients.

Decisions around cloud migration that might otherwise have been years in the making could be fast-forwarded to happening today as firms must respond to changing circumstances. Business as usual (for the foreseeable future at least) no longer exists, and law firms have little choice but to embrace change. However, that change does not need to be radical and disruptive. In 2020, entering the cloud is more of a logical next step than a leap into the unknown. ▲

Law firms have little choice but to embrace change. However, that change does not need to be radical and disruptive. In 2020, entering the cloud is more of a logical next step than a leap into the unknown



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Bundling documents with a difference

Bundledocs collaborated with law firm Burness Paull to help it comply with stringent new rules for assembling and presenting documents, and save significant sums in the process, says innovation manager Sam Moore

As arduous lawyer admin tasks ripe for some efficiency improvements go, they don't come much more so than collating hundreds of documents into project bibles for all parties at the close of a transaction, according to Sam Moore, the innovation manager at Scotland's Burness Paull.

Moore became the first in the UK to secure accredited legal technologist status in late 2019. But as a busy construction lawyer back in 2016, he was very familiar with bible-building frustrations: "The training required on the pdf-editing platforms was pretty tricky, it was all taking a very long time, and you're reliant on having every signed document back before you can even begin – there's always one that hasn't been returned."

He was firmly in the market for a tool that could make lighter work of all this, and had come across Bundledocs at an industry conference the year before. The pair launched a pilot for the use case, and it didn't take at all long for the value to become clear, he says.

Rewriting for the rules

At around the same time, however, even more 'paperwork' was causing headaches for Burness

Paull's lawyers and paralegals working on the largest commercial actions at Scotland's Court of Session. "These call for a joint bundle – a consolidated collection of all documents and arguments from both sides – and new court rules demanded that it was all done electronically, with further restrictions around issues such as numbering, hyperlinking, and so on." This was proving inefficient to handle internally, and in the largest and most complex cases the firm was increasingly leaning on an external document production specialist. It begged the obvious question, could Bundledocs take on this process transformation too?

Moore explains: "It could meet around half of the Court requirements straight out of the box, as there are some built-in functionalities for English courts – but Bundledocs then agreed to collaborate with us over three to four months to customise the software in such a way that we could be compliant for Scottish Courts as well."

There were some 20 modifications, which underwent some beta testing and which are now there for all as features in the core product. These include formatting page numbers to appear in red in line with the Scottish Court requirements, and

pinpoint hyperlinking from references, alongside a suite of annotating options, such as highlighting and redacting. The firm can also upload the content of folders straight into template Court bundles from their document management system with one click.

Moore continues: “I really think it shows that if firms make the effort to go back to developers with what they really need, they can often get everything they want from a solution – not just make do with ‘good enough’. I see tech vendors crying out for that sort of feedback, but too rarely getting it from lawyers.

“Now we use Bundledocs for both those use cases as standard, and we’ve had some really great feedback from clients, external counsel, and even other law firms about the consistency and simplicity of our Court bundles. As this is essentially an admin task, it’s in everyone’s interest that it happens as efficiently as possible.”

In one case, some 500 substantial documents were needed for a joint bundle, and the Court (plus external counsel) needed to be able to browse and search through them on tablet devices. Historically, Moore claims that would have cost the firm a significant sum to outsource to a document production specialist, the cost of which might not have been entirely recoverable. “Recovery of course requires that you win your case, and even if you do there are often limitations. The same goes for a settlement situation, a party very rarely recovers all of their Court costs. Now, if there’s any situation where

“We’ve had some really great feedback from clients, external counsel, and even other law firms. As this is essentially an admin task, it’s in everyone’s interest that it happens as efficiently as possible.”

*Sam Moore, innovation manager,
Burness Paull*



For more information, visit:
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a lot of documents need collating into an indexed bundle, this is how we do it.”

Another example of where this can add value is in employment tribunals. Moore says: “You often need to sort thousands of emails into chronological order, including attachments, to help the Tribunal follow a chain of events. In the days of hard copies, you’d have printed them all out and physically sorted them. Even with electronic copies you’d still need to manually produce an index, and manually hyperlink each document.” So, certainly not desirable if working from a makeshift desk in the middle of a pandemic. However, being entirely cloud-based, Bundledocs is easily accessed by portal and connects with the firm’s document management system (also in the cloud), he says. Training on it takes no more than an hour to reach a good level of self-sufficiency.

He adds: “Bundledocs can automatically produce a single Pdf from the source MSG files, in date order, with an index. I see no reason we’d do this any other way in future.”

As process efficiency and productivity come under the microscope like never before, the message that sticks is that it’s worth taking time to consider whether you’d be best to communicate and collaborate before you innovate. ▴



Insight every day

The global health crisis is putting pressure on all manner of business, but Fraser Mayfield, head of EMEA at Iridium Technology, says it has never been more important for law firms to have daily insight into vital performance metrics

Like many businesses, law firms are currently facing a raft of new financial and productivity pressures as a result of the various lockdown measures implemented across the globe. While governments plot a way out of the health emergency, firms are looking for solutions to stabilise the ‘new normal’, says Fraser Mayfield, head of EMEA at Iridium Technology.

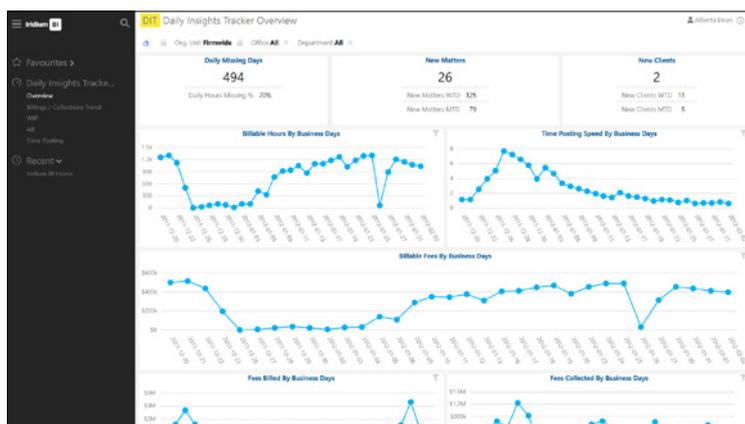
The first challenge facing many is the threat to cash realisation. “Businesses around the world are looking to share the pain with their supply chains. Many clients have paused payment to their external suppliers – and legal is no exception – as many will be going through financial difficulties themselves,” he says. Although firms can’t overcome that issue entirely, they can try to get a more accurate picture of where cashflow is most squeezed, and by how much, he explains – and having access to that business information is also

crucial for a range of other reasons.

Eye on the price

A second immediate impact of the pandemic firms are seeing is reduced caseloads, which is being experienced across many legal practice areas, and a highly competitive landscape for certain legal work types will be the result. If firms are to avoid a “race to the bottom” on pricing, Mayfield says, they’ll need to have a clear and accurate understanding of the cost of delivering their services. “Knowing the costs means firms can price with confidence. If firms have capacity, it might make sense to work with clients on new resourcing and pricing models. But, in order to bid for work outside their typical pricing structure, they’ll need to understand their current resourcing and utilisation levels,” he explains.

Another challenge facing firms during this period, he says, is the impact that working from



home may have on efficiency: “How law firms provide their services is changing at the moment, and many activities may take longer than usual.” Levels of realisation need to be closely monitored as a result, he says, as clients are also likely to demand a higher-than-normal adherence to quoted fees, owing to internal pressures to keep costs down.

What’s more, knowing that some processes are taking longer may lead to hesitancy among fee earners to bill the full amount of their time, he says. In order to keep a steady grip on these three factors, he argues firms need to be more disciplined about how they track the progress of a matter throughout its lifecycle. “In order to do that, they need appropriate reporting both for internal purposes and to keep their clients informed,” he says.

Bouncing back

Having key metrics easily to hand is clearly important for keeping on top of all of this. In response to demand for increased visibility into daily trends affecting the financial performance of its law firm clients, Iridium has recently launched a focused version of its Revenue product: the Daily Insights Tracker (see image above left).

“Historically, overarching trends have been measured over long periods – often quarterly, or year to date. There’s now a need to shorten that cycle – the typical horizon firms are looking at is 45 days, but we’ve seen demand for trends over as few as the last seven days,” he explains.

Having seen plenty of uptake among its existing clients, Mayfield says the Daily Insights Tracker can now also be delivered as a discrete tool, offering easy insight into current status. He explains: “Like a share price tracker, it shows movements up or down across 50 metrics, including billable hours, realisation and work in progress.” And as the tracker is focused on a reduced number of crucial metrics – refined down

from the 350 in the full platform – and is accessed through a web browser, he adds that it can be delivered quickly and at a low cost-point.

Prioritising time

But in fact, while many businesses are preparing for long-term economic disruption, he observes

there are a few shoots of recovery already in some practice areas. “Because of court closures, there’s a backlog in litigation cases, as well as in areas like family law. Firms need to ensure they’re correctly staffed to take advantage of those areas when there’s an uptick in market conditions,” he says. That means firms also need to keep a close eye on utilisation, both in terms of practice areas and the proportion of time spent on non-billable activities.

Ultimately, Mayfield says, better insight can support improved organisational alignment and prompt firms to operate on a more ‘live’ basis, with real-time information. “The cost of implementing a new solution is likely to be small compared to the benefits you can get back. Firms are going to be better able to respond to the ongoing changes in the environment,” he says. A permanent shift towards more real-time business information will put legal leaders in a more knowledgeable position – important for identifying opportunities, understanding the risks around cashflow, and ensuring the firm is tracking to budget. And, he concludes, it has one further lasting advantage that ought to appeal: “In the long run, better insight should make firms more responsive to their clients.” ▀

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Fraser Mayfield, head of EMEA, Iridium Technology

To learn more about the tracker, join a webinar on 17 June at: www.iridium-technology.com/daily-insights-tracker-webinar



Better real-time financial data for the downturn

A recent survey from BigHand finds law firms must address a lack of data visibility if they're to maintain healthy cashflow through the current crisis, says strategic accounts director Dan Wales

The challenges presented by the Covid-19 pandemic have forced law firms everywhere to take a long, hard look at the health of their cashflow, paying particular attention to liquidity. From restrictions on partner drawings, to delaying supplier payments, furloughing staff, or introducing four-day working weeks, firms are varied in their approaches to mitigate the impact.

The differentiating factor in choosing which of these methods is needed, comes down to how cash-rich firms are right now, and the availability of funds forecast in the short-to medium-term. So what can firms do to proactively manage cash coming in? What measures can they take to ensure clients can pay their bills? And how can lawyers be encouraged to focus on supportive (yet competitive) commercial options?

Ensuring access to reliable, real-time financial data to make accurate business decisions is vital. Yet, according to our recent global cashflow

survey, this visibility is scarce. Some lawyers will be commercially savvy, and others won't. This comes down to many factors, but even with the best will in the world, lawyers cannot be expected to prioritise and maintain the firm's bottom line without relevant up-to-date data about how they are best able to impact it.

What have we learned from 2008?

As we all wait to see the scale of the full economic fallout from the crisis, the good news is that many industry leaders are optimistic about the overall impact on law firms – citing the demand for legal advice as high, in contrast to the 2008 downturn, albeit highly dependent on the type of legal advice firms are delivering and their client bases.

The 2008 downturn saw the rise of the discerning client and, as a result, the introduction of dedicated pricing teams, the implementation of pricing policies, and the more granular breakdown of budgets and matter plans. These pricing and

budgeting experts have subsequently learnt to work closely with legal project managers to ensure that budgets are kept in check throughout the lifecycle of a piece of work, and therefore to maintain profitability, along with client satisfaction and added value.

What can be done?

To differing extents, law firms have learned the theory for staying profitable – they are aware of the pitfalls of under-pricing at the outset, profit leakage in the delivery of the work and the causes for delayed payment or billing write-offs. The key focus will undoubtedly remain on cash and overheads, but underpinning profitability is the best place to start. Now is a key time to really put that theory into practice and ensure that financial understanding lands resoundingly with partners and lawyers.

After all, it's the lawyers who are the front line, and firms will rely on them to pick up the phone to their clients, which will have both a positive effect on client relationships and build that commercial awareness for the lawyers. If alternative payment arrangements are going to be offered, there should be guidelines and education for lawyers about which ones to use and why.

Law firms could consider any of the following options:

- Alternative fee arrangements like fixed fees or capped fees
- Discounting standard rates, flat discounts or early payment discounts
- Upfront billing, or billing on milestones
- Extended payment terms.

But questions should also be asked, such as what do the clients themselves want? Which verticals need more help now, and which will need help in the mid-term as the impact wave rolls through the economy? Which will recover fastest and revert back to previous ways of working? How are payment approval times likely to vary?

It's clear that a tailored approach is needed, but being ahead of the competition here could be a differentiator as the fight for new deals builds in intensity.

Having clear-cut communication internally, and with clients, is also valuable. Open conversations throughout a matter about current progress, scope creep, or any over-runs – rather than waiting until the end – will give the client more transparency, overall confidence and ultimately decrease the risk of write-offs.

Lack of financial visibility

In our recent Global cash flow survey, we found that an interesting number of lawyers and finance teams globally lacked access to timely financial information. In the UK, just 52% of CFOs have access to real-time WIP data, and just a fifth of partners could readily view this essential information.

The question of how law firms can improve working capital, and increase liquidity – without accurate, real-time insight into the current state of play – is even more crucial now. Having visibility of key working capital data is surely the first step toward ensuring the longevity of healthy cashflow at this time.

The survey also showed that firms are trying to influence the behaviours of their lawyers through incentives and penalties, but the same visibility constraints applied. For example, in the UK 54% confirmed the implementation of incentives/penalties for 'reducing discounts below standard rates', and 50% were planning to implement incentives/penalties for 'increasing cash recovery'.

However, only 19% of partners have access to this data currently, which raises questions about how partners can realistically be incentivised to increase recovery. Firms need to address the data disconnect to realise this goal.

For firms to successfully implement rate relief for clients, while ensuring work remains profitable and bills are paid on time, visibility of the fundamental data is needed to support collaboration across finance teams and lawyers – and it should remain a top priority.

Quick response

In response to our clients contacting us to help them, we have developed an easy-to-deploy Working Capital Edition of our flagship financial BI solution BigHand Quantum. We are now making this available to assist law firm financial leaders with getting access to core working capital data. The firm-wide dashboards highlight the most important WIP and debt metrics for better financial visibility to support business decision-making. ▶



For further information, visit: www.bighand.com/en-gb/our-solutions/quantum-working-capital-edition/



INDUSTRY ANALYSIS

Digital billing comes of age

Lindsay Barthram, director of consulting services, EMEA at Wilson Allen, says it's time to change the narrative on the law firm billing process – from paper to paperless

All lawyers are problem solvers. It's in their DNA, and finance and technology departments within law firms are the enablers for problems to be solved. But until recently, the thought of working from home on complex legal transactions, and collaboration in a seamless way across business processes from our living rooms, would make the blood run cold for most legal industry professionals.

When presented with the unprecedented need to act, firms have rushed to grasp the nettle with both hands. There are many stories of people pulling together, finding new ways of dealing with common problems, and learning to collaborate in new ways across geographies and time zones. Firms have moved to a remote workforce

overnight, with the mobilisation of laptops, Microsoft Teams deployments and Zoom conferencing taking hold with great success. This from an industry of 'dinosaurs', forever 'lagging behind other sectors'? That characterisation doesn't quite ring true right now.

But while many front-line staff members have managed to quickly pivot to a new way of working, not all areas of law firm operations have been so agile. Consider financial operations and processes like the billing cycle. We may be able to talk to clients and one another. But how do we get to key information, operate key tasks and keep the financial fires burning while reaching for another Nespresso and custard cream biscuit from the kitchen?

The strategic advantage in measuring the speed and size of the billing flow is worthy of note

Lindsay Barthram, director of consulting services, EMEA, Wilson Allen

I think it's fair to say, firms haven't always got it right with one of the biggest financial processes – that of the billing cycle. It's heavily dependent on paper and manual intervention, and focused on the last few days of a month. This sounds like a bit of a car crash when we apply the current situation. And in speaking to a number of firms recently, I've heard this paper-based burden has been a difficult animal to tame. Some firms have dusted off fax machines. Some are sending people to the office to sign bills! And this at one of the most critical times in the financial calendar for a majority of firms – year end.

And yet, there are finance teams that have been able to pivot and make a step change in the current climate to address their heavy paper-driven processes. They've leveraged the remote challenge as a business case to make improvements, introduce technology and drive transformation through their operational efficiencies. In so doing, they've eased the burden on lawyers and finance teams while creating much needed transparency and visibility of the firm's billing process.

There's never been a greater need to improve the billing cycle. Firms need to understand their current WIP position, deal with client billing needs, progress billing guidelines through review and approval, all while applying the financial control and compliance needs that ultimately leads to bills out of the door that

get payment within terms. Cash is king as they say, especially in times of crisis.

The introduction of technology to enable a paperless online billing processes is one such approach we're seeing firms prioritise now the initial migration to homeworking is bedding down. Before Covid-19, firms had embraced this type of technology with varying degrees of success and uptake. But a familiar cry was heard from some law offices – 'I just want to print this out and mark it up'. Great, but let me just reach for that fax machine or scanner.

In addition to the obvious operational benefit that an online paperless process brings, the strategic advantage in measuring the speed and size of the billing flow is worthy of note. Leveraging key metrics in this area allows for greatly improved visibility for forecasting cashflow and identifying blockers to realisation; providing much needed information on the status of proforma/billing guidelines; and tracking real-time valuations of WIP, discounting and possible income. The bottom line – creating a level of certainty and predictability around billing and cashflow in an uncertain time.

Imagine a world where automated production of billing information and guidelines appeared electronically at the right time on the laptops of the billing decision-makers. It would allow for real-time collaboration with team members and finance to enabling editing, annotations and amendments. It would apply financial control, outside counsel guidelines and governance seamlessly, and deliver bill production electronically directly to clients, not just at the month end, but when the invoice is expected. Now imagine a world where travel is limited, and you are recommended to remain at home and not socialise. Then ask yourself why you wouldn't want to embark on introducing solutions that move to a paperless capability? ▴

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INNOVATION AT WORK

Explain to see

Peter Allchorne, head of DAC Beachcroft's claims solutions innovation lab, tells Josh Adcock the short story of a new explanatory animations package for insurance clients



In late January 2020, DAC Beachcroft launched a new product for clients: a series of animations that clearly explain the key stages in a claims process to consumers of insurance services. The package evolved from the firm's Innovations Lab, intended as a space to develop new solutions for claims-related work areas, and headed up by partner Peter Allchorne.

"It's an incubator for new ideas – and a resource to develop those ideas before putting them into a project development cycle," he explains. Kicking around new ideas, as well as encouraging them to "fail fast", he says, doesn't come naturally to lawyers, but rethinking ways of doing things is key to meeting client needs – especially when they're desperately asking for change. "We've known for some time that clients want the legal profession to make its services more accessible to their customers. The information we have to provide from a regulatory perspective can be quite daunting to a layperson," he says.

Although innovation often seems to involve 'rewriting the rulebook', Allchorne says the customer care explainer videos are an expression of simplicity in innovation. "We don't see innovation as just technology and digital solutions. It's really about finding new methods of doing things, doing them better than you've done them before." In elaborating on the animations, he says they "do what they say on the tin" – there are 11 animations of 90 seconds dedicated

to "de-mystifying" each key stage in the civil claims process.

So, what do they look like? "I had almost envisaged some sort of cartoons – but we very quickly realised that wasn't the right way to go," he says. Simplicity, again, was the answer – the end result, as developed by the Lab and a third-party creative agency, is a series of icons, which very simply and graphically explain their points, accompanied by a narration. This also needed to be finely honed and tightly scripted, he says: "They needed to say enough, but not too much – any more and, all of a sudden, you're in danger of confusing people with too much information, which would be counterproductive."

Getting to this point drew on one of the Lab's key principles: collaborative thinking. He explains the innovation hub involves representatives from across the firm's claims service lines, as well as business support professionals, including risk and governance, IT and finance. So, it's fitting that initial inspiration came from a staff member

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*Peter Allchorne, partner,
DAC Beachcroft*

who isn't a lawyer, but previously worked for the police service. "They explained that, in the criminal justice environment, a witness is guided through each step of the process," Allchorne says.

Considering how the animations are delivered is another major consideration in the mix. "We're trying to make the relevant information more easily consumable – so, when we send letters in relation to a new stage of the claims process, such as to our client's policyholder or a witness, we embed a link into that letter, as well as a QR code. But wherever possible, we're also using SMS messages to make instant contact, and to make our communications more convenient to consume on a smartphone device."

The simplicity of this solution meant a simple "green light" from the innovation steering group was all that was needed to go ahead and start developing the idea.

"Really simple ideas like this are often the best," says Allchorne. "But we still had to do our due diligence – there's no point getting carried away on something that we think is a good idea, unless our clients agree."

Although it's early days, he says the feedback so far has been overwhelmingly positive, with future monitoring consisting of feedback questionnaires and other metrics. And other parties are interested in the solution too: "We're already having conversations with colleagues and clients alike to identify how we could iterate and develop further." ▀