

WHITEPAPER

The digital office

How technology is changing
the way law firms work



How legal is going digital

UK law firms are on a fast-track to digitisation and with the implementation of national initiatives such as the Ministry of Justice's Digital Strategy, it is only a matter of time before firms adopt digital technology for all of their practice and case management functions.

Those firms that are already implementing digital solutions across all areas of the business, from the boardroom, legal teams, HR, finance and accounts, are seeing improvements in productivity, spend reduction and tighter profit margins.

They also have access to accurate data that provides powerful actionable insights for business decisions. The digital-first approach can elevate law firms and chambers, helping them serve their customers, partners, employers, stakeholders and shareholders more effectively and enabling a prosperous and profitable future.

While 2020's Covid-19 pandemic brought much disruption and tragedy for many, one of the more positive outcomes was the transformation it drove around the way people worked and continue to work now. Firms that had already adopted digital technology were able to continue business almost as usual, with people working effectively from home instead of the office. For many, this was a taste of honey they were not prepared to give up and flexible and hybrid working has become the norm for many law firms as well as their client businesses.

Now, more than three years on, many firms are offering flexible and hybrid working as a powerful incentive for attracting and retaining the best talent. The technology that enables this is also fulfilling new client expectations, as more people want access to legal information and services around the clock. AI powered chatbots can provide interactive online experiences for customers, with automated form-filling processes that streamline client onboarding.

Even simple automated email responses are important as they provide clients with an assurance that their enquiry is in the system and being dealt with promptly. One of the key expectations that clients have from their law firm is regular communication, so any automation in this process is valuable. However, the time that lawyers can save by using digital tools across all their day-to-day legal work means they have more time to interact with clients, driving higher customer satisfaction too.

This same principle applies to the other departments within the firm, including HR, finance and accounts, and each can make significant time savings, perform more efficiently and effectively, with integrated solutions that create a more streamlined experience for all employees. Worlds apart from its stuffy traditional image, the digital first modern law firm is a vibrant working environment, leading the way as digital trailblazer among other UK business sectors.

The digital boardroom: fast, effective decisions

One of the main challenges at board level is having the ability to make key decisions quickly, responding to issues as they arise. These decisions must be data-driven and therefore having access to accurate, real time information is crucial.

Cloud-based systems offer information in real time, that can be accessed by professionals working anywhere with an internet connection – at home, in the office, at court, or a client's offices. For leaders, this immediate access means that they have far greater visibility of the entire business at any time. Reports that would previously have been generated on a monthly or ad-hoc basis, using time-consuming spreadsheets, can be produced in a fraction of the time. Real time data access allows immediate reporting and updates that change as they happen, within moments, so every decision is based on fact. The latest digital platforms are designed for to improve the user experience, streamlining and simplifying information into a dashboard, with

multiple options dictated by the user themselves. This can help to demystify access to specialist information, so for example, legal leaders who are unfamiliar with complex financial reporting, can easily and quickly understand all of the details of financial reports.

By having visibility of all areas of the legal business, from the performance of fee earners against their set targets, changing client behaviours and expectations, issues with supply chain, finance, procurement and payroll, as well as HR and talent management, leaders can be confident that nothing is getting past them. They can rely on the accuracy of the data for deeper insights across all functions, enabling more powerful and effective planning, forecasting and budgeting, as well as driving improved client service. This is crucial for reputation and word-of-mouth recommendations that can result in new business, as well as building better engagement with existing clients for productive on-going relationships.



Digital legal practice: doing more in less time

Traditionally the practice of law has been based in a culture of long hours, with work taken home at weekends. Increasingly, legal professionals are seeking a better work-life balance and an expectation that they can accomplish all of their work within contracted hours, at least most of the time. This means they must be able to achieve more, in less time.

End-to-end legal-centric software can enhance every aspect of the job, including case and file management. Automated systems allow professionals to quickly search and locate key documents, or words within documents, saving them hours of time that would have previously seen their desks swamped with piles of paper files. Similarly, automation is a game-changer for completing repetitive forms, greatly speeding up this process. By using structured workflows, all processes are easily standardised and focused on best practice with little risk of omission or oversight.

Digital court bundles are transforming the way lawyers and barristers can share information and provide the courts with accurate, up to date versions in digital

format – gone are the days of making multiple copies of files that must be sent to all interested parties, repeatedly with each amend and update. Instead, having a digital single version of the truth that is available to everyone, with changes made in real time, ensures no one is overlooked when circulating copies. Security is enhanced too, as Cloud-based digital information can't be misplaced or seen by the wrong person. Instead, client and case information is protected and only accessible by the individuals that need to see it.

As previously described, implementing Cloud-based technology enables efficient hybrid and remote working, giving legal professionals more flexibility around how and when they work. It can also help them with one of the more tedious day-to-day activities – time tracking. Using manual spreadsheets and timesheets is time consuming and susceptible to entry errors. Instead, automated solutions use a stopwatch-style timer to automatically capture billable time so that professionals can focus on the task itself, not timing it.

Digital people management for talent attraction & retention

The rising cost-of-living is driving up the cost of doing business, which in turn is impacting on employee expectations around higher pay. While many firms are increasing salaries to attract and retain the best talent, with some London-based US firms and large corporates offering newly-qualified lawyers salaries in the region of £100,000, they are also turning to other creative means to improve their employee value proposition (EVP) and be an employer of choice.

One of these is providing employees with powerful digital tools that help them work more easily, being more productive and able to focus on higher value tasks instead of long-winded manual processes. This is vital for attracting younger, digital-native employees as well as for hiring more experienced professionals who will expect to be using the most effective technology.

While most firms have now transitioned employees back into the office for at least part of every week, some will have leveraged lockdown restrictions to engage with previously out of reach talent pools. Technology such as video conferencing has enabled effective remote hiring and online onboarding processes, allowing firms to hire the best individuals, regardless of location or accessibility factors.

New hiring methods are seeing some organisations using bespoke application processes that focus on ability and personality rather than the specifics





of a CV, helping them to avoid unconscious bias associated with a candidate's name, gender, ethnicity, background, and schools attended that promotes greater diversity, equality and inclusion. Performance management is an important metric for law firms that will have specific targets for fee earners and other 'back office' employees. Annual reviews are becoming a thing of the past as new continuous performance management technology that is more responsive to each success and achievement. Continuous performance management tools enable regular and frequent two-way communication that drives greater engagement.

These can help managers understand their teams in greater depth, identifying areas where more support may be needed, as well as recognising achievements on a regular and ongoing basis. This process is more fulfilling for employees, as they feel properly recognised and are confident in their position regarding promotions and career opportunities based on actual merit and success. The data does not lie and using this is critical for managers of hybrid teams, to help them avoid proximity bias and to engage more effectively with their people, wherever they are working and however infrequently they may meet face to face.

A recent survey by Thomson Reuters looked at the reasons lawyers chose to leave a firm. In the UK, almost half (48%) said feeling unappreciated would force them to look for another job.

Digital finance and accounts teams for strategic, data-driven decisions

Finance, spend management and procurement functions are fundamental to any business, where the main challenge is having access to good quality, relevant data, to underpin more strategic decisions. A firm can use specific Cloud-based finance management software that provides data in real time, so less time is spent number crunching in old-fashioned spreadsheet-based processes. As with all other files held in the Cloud, access is immediate and reports can be produced quickly and easily, while containing accurate and up to the minute data. This high-quality data is the foundation for more effective forecasting and budgeting, as it enables finance professionals to analyse information from the top line right down to a granular level.

Within procurement particularly, managing third party supplier risk is a key consideration, and designed for purpose procurement software can improve every stage of the supplier journey. It can help anticipate issues such as increasing market instability, or sudden challenges with cash position predictions and help provide potential scenarios for overall better preparedness in the face of risk. One of the most important elements in maintaining a reliable and regular supply chain is keeping up to date with debt, and digital tools can ensure all suppliers are paid on time for better supplier relationships. At the same time, they automate contract management, ensuring that firms don't find themselves in avoidable spend leakage scenarios, such as auto-renew processes for products or services they no longer require, or missing out on opportunities to renegotiate better deals.

Client invoicing used to involve time-consuming marrying up with billable hours, but new digital tools ensure that invoicing is automatically linked to billable hours. Automation can also help identify and allocate missing hours so that leaders can gain deeper understanding of fee earner performance. Payroll is another, historically manual process that is transformed with digital solutions that ensure accuracy, so that irritating mistakes do not hinder effective employee engagement.

In a sector that is bound up in legislation, the best digital solutions will offer in-built compliance with important considerations including GDPR and Making Tax Digital regulations, so that compliance is achieved as a matter of course. One of the potentially most transformative benefits of AI is its ability to go through vast datasets in minutes, helping to identify anomalies that might indicate money laundering and other fraudulent activities. Previously, looking for these using manual processes might have been akin to searching for a needle in a haystack, but the implications for missing these signs are huge for legal firms, both reputationally and financially.

The UK Solicitors Regulation Authority (SRA) has fined more than a dozen firms since March 2022, for presenting insufficient money laundering risk assessments and imposed a record £20,000 penalty on one firm for inadequate anti-money laundering (AML) training and internal systems.

Environmental, social and governance (ESG) is an increasingly important consideration for spend management and procurement. and 69% of firms regard this as a growing concern, according to our Legal Trends Report. Since April 2019 when quoted companies began to be required to report on their energy use and large businesses had to disclose annual energy use and greenhouse gas emissions, even smaller businesses are now making this an annual activity.

As the carbon footprint of each business within a supply chain impact on the ESG metrics for all of the others, it is increasingly important to seek out suppliers who demonstrate improvement and a commitment to change. Clients, investors, and other stakeholders, as well as employees, are increasingly motivated to work with more sustainable and ethical businesses. Digital technology has an important role to play, both in helping to collate, analyse, measure and report on carbon data, but also in more sustainable operations such as paper-less offices, measures that reduce energy use and more.





“After careful consideration, we chose Advanced as our managed services partner, as they offer industry-leading legal software solutions and services that cover the entire ‘legal journey’ while leveraging the power of the Cloud to work smarter.”

Nirupa Wikramanayake, CIO, Irwin Mitchell Group

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Digital practice management

As in any business, refining the day-to-day management processes within the firm for optimum efficiency is half the battle. Many of these processes can be enhanced using tools such as virtual business assistants, that can save the valuable time of fee earners and senior professionals for higher value tasks and increased productivity. Other simple digital options such as employee self-service to HR processes means they can quickly book leave or consult HR policies from their desk or remotely at their own convenience. Some solutions offer a single sign on platform for ease of use, unifying the processes of several functions, for example, HR and Finance on the same platform for a more integrated and seamless experience.

Digital databases are also transforming speed and efficiency for thousands of solicitors who use The National Will Register every day to register and search for wills. This digital service, part of Advanced, ensures that no will is left unknown or untraced at the time it is needed, ensuring that legal professionals have quick and easy access to this vital database of over 10 million wills. Similarly, there are several digital vaults designed to facilitate legacy digital assets and cryptocurrency.

As we look towards the future, it is clear that Generative AI is going to play a significant part in shaping legal practice. Hot-topic ChatGPT has many faults and is driving heated debate around the best ways to harness its potential, but is already proving valuable in some court cases.

The launch of legal-specific AI solutions such as GPT-4 powered chatbot Co-Counsel, the transcription tool Just:Access, and LexisNexis' GPT-powered legal research and information management tool also demonstrate that we may be on the verge of an AI revolution in law.

Balancing the pitfalls with the potential benefits is a work in progress for many firms, who are producing their own policies and guidelines around these new technologies. The use, or misuse, of AI is already driving an increase in specific AI court cases. Examples include content originators like comedian Sarah Silverman, who is suing Open AI (ChatGPT) for using her content without permission. Judgements will have to rely on precedents set by earlier technologies and a whole new raft of considerations, fit for the digital future.

Going digital for future growth

Using technology solutions that are designed to cover every aspect of legal practice management and all functions within the firm can elevate its overall performance, increasing income and driving greater profitability.

Digital tools are important for attracting and retaining the best legal talent that wants to work as effectively as possible, with the option of flexible and hybrid working enabled by Cloud-based solutions. They support an improved client experience, with 24/7 access for some legal enquires and automated replies that ensure customers get an immediate response, assured that they will be attended to.

Overall, the digital firm can implement more efficient practice management, running a tight ship that can ride out the storms of unexpected events such as the cost-of-living crisis, sudden interest rate rises, and unanticipated post-Brexit consequences, to remain profitable. This provides the foundation for more sustainable growth strategies that are built on accurate, real-time data, for more effective business decisions that can pivot, allow firms to be flexible and respond to all eventualities.





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+44(0) 330 343 4000



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