

CEO's Briefing



How IT matters for legal firms

The right implementations of IT and technology help mid-sized legal firms meet the current challenges and even create new opportunities.

The legal sector in the UK is facing several challenges. Economic uncertainty will affect everybody, regardless of sector, and many firms are still working through the post-Brexit fallout. Regulatory reforms, particular in areas like security and data protection, will mean changes. And rising staffing costs, hiring difficulties, and high interest rates – despite the recent cuts – are affecting everyone.

As providers of fractional CIOs, CTOs, and CISOs, we work with many mid-sized legal firms, and we take these challenges very seriously. At the same time, we've been seeing how the right implementations of IT and technology can meet these challenges and even create new opportunities for mid-sized firms. In fact, we're seeing that the winners are those with a defined IT strategy – where IT is aligned with business goals, and the spend is targeted at areas that drive business performance.

We've prepared this CEO's briefing after in-depth discussions with our own IT leaders, external industry experts, and a careful look at the market. Our intention is to provide those who lead mid-sized legal firms with solid guidance on how IT and technology can help their businesses navigate a difficult moment – and even thrive. And if you've still got questions after reading, you're always welcome to get in touch for a conversation, no strings attached.

AI and the legal sector

Let's begin with a question we're hearing a lot from our legal clients: 'Should we get on the AI bus?'

The short answer is, 'Yes. But only if there's a clear ROI'. Whilst suppliers and salespeople will insist you need to get started yesterday, objective IT leaders will instead look at the opportunities specific to your business and determine if there are worthy investments.

continued...

CEO's Briefing

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It's important to stress that AI is no replacement for experienced lawyers. You may have heard of the American lawyers who were fined when they submitted a brief drafted by ChatGPT, that, according to the judge, had 'non-existent legal opinions with fake quotes and citations.'

With that caveat in mind, here are a few ways AI can help mid-sized legal firms streamline operations, improve efficiency, and enhance client services:

Document review and contract analysis. AI tools can reduce manual workloads by assisting in quickly reviewing piles of contracts to flag risks or identify key clauses. We've currently working on a programme for one client that will reduce days of work to mere hours.

Legal research. Many AI-driven platforms are helping lawyers speed up the process of finding the relevant case law, statutes, and regulations.

Predictive analytics and litigation strategy. AI models can rapidly analyze past case outcomes to predict litigation success rates and help in decision-making when it comes to settlements or trial strategies.

Discovery and data processing. AI tools can automate the discovery process by scanning large datasets for relevant case evidence.

Compliance and risk management. AI-driven compliance tools can help firms keep up with regulations by monitoring legal changes and ensuring ongoing compliance.

The key word in all these examples is 'assist' – again, AI is not a replacement for an experienced researcher, solicitor, or barrister. But it can reduce the dependence on support staff and greatly accelerate a number of key tasks. So indeed you should get on the AI bus – if it's the right route to your destination.

Easing the path to M&A

Mergers and acquisitions (M&A) in the legal sector are on the rise, especially for mid-sized firms. According to Legal Futures, the majority of the recent action has been in smaller firms: last year, 'bolt-ons, consolidations, and private equity-backed deals reshaped the legal landscape. At times, it felt like a gold rush as firms raced to capitalise on emerging opportunities.'

It's interesting to note that in the legal space, IT is often an afterthought. And yet it plays a crucial role in M&A by ensuring smooth integration between firms, increasing operational efficiency, improving both staff and customer experience, and improving risk management.

IT's role in due diligence. During this pivotal step of the process, IT systems analyse financial records, client databases, and compliance risks. AI tools can scan contracts to identify additional risks and obligations, helping firms make informed decisions. IT also plays a role in demonstrating the profitability and growth potential of a firm, helping to make it more attractive to buyers.

During the merger. IT is also crucial during a merger – your IT team had better have experience in the smooth integration of billing systems, document handling, and case management. They will also need to ensure a secure, efficient data migration, whilst maintaining compliance with regulations like GDPR – not to mention the various guidelines from the Solicitors Regulation Authority, the Law Society, the Bar Standards Board, and so on.

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CEO's Briefing

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After the transaction. Finally, when businesses merge, IT can and should have a role in reducing costs and driving effectiveness – by consolidating software, enabling staff to work together seamlessly, streamlining data centers, and optimising cloud usage.

In short, IT is instrumental in ensuring efficient, profitable, low-risk transactions.

Mitigating staffing issues

According to the Law Society, the leaders of mid-sized firms have identified 'lack of appropriate staff and/or recruitment' as one of the biggest threats to the bottom line. Which leads to the question of *why* people leave. Anyone in the legal sector already knows that burnout is a real issue – despite its many rewards, it's one of the most demanding professions, both intellectually and in terms of time. Or a lawyer might move on when the partnership structure of a firm changes, and they no longer see a path forward for themselves.

People also leave a law firm for the same reasons as any other industry – a better position elsewhere, or better pay or benefits, or all of the above.

The right systems can improve work-life balance. Since the pandemic has eased, we've seen an ongoing debate about whether it's better to have staff in the office or if a certain amount of flexibility – that is, hybrid work – is preferable. Ultimately, the decision is up to those in charge, but we will note that most people prefer hybrid work for the obvious reasons: less time commuting, more time with family, and (unless you've got an online meeting) the ability to work in your pyjamas. And generally we haven't seen a drop in productivity when people work from home. In fact, several studies have demonstrated that they get *more* productive.

One big lesson we learned in the scramble to home-working was how to do it right – that is, secure devices, platforms that allow for seamless collaboration, e-signatures to keep documents moving, and the like. And yet a surprising number of legal firms are still relying on 'free' downloaded software or haven't yet moved their operations to the cloud. If that describes your firm, it's time to take a closer look.

Automation can remove major sources of stress. The work of a lawyer is complicated by administrative tasks. Quite often we work with firms where staff spend too much time on tedious (and non-billable!) manual tasks like updating documents, entering data in multiple systems, collections, and tracking hours.

All of these tasks can be automated to some degree, which frees up your highly paid professionals from excessive administration whilst ensuring that what needs to get done gets done effectively – which is good for staff morale, the firm as a whole, and your clients.

Learning opportunities and career growth. Continuing education is a necessary part of the profession for both career growth and to stay abreast of regulations and compliance. Additionally, hybrid work impedes the ability of colleagues to learn from each other.

E-learning and AI-driven training platforms can help to keep staff up-to-date, engaged, and motivated.

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Legal is one of the most targeted industries for phishing attacks. But many in the industry don't take it seriously enough.

Getting on top of cyber security

Andrew Hart is one of our own IT leaders who has deep experience as a CIO and CTO for mid-sized legal firms, and he points out that 'it's one of the industries targeted the most for phishing attacks, for one reason because there can be big sums of cash moving. But many in the industry don't take it seriously enough'.

Indeed, legal organisations have unique cyber security considerations – aside from the cash, legal firms by definition handle sensitive client data, and the regulations and compliance demands reflect that. Taking security seriously is not only prudent for avoiding cyberattacks; when you can demonstrate a secure business, it becomes a point of competitive advantage, as well as making easing the way for an M&A transaction.

Here are a few crucial steps to get you started on a more secure business:

Get an external security review by a third party. If you do it in-house, it's possible to miss out on the latest compliance issues, and your own team may lack the same objectivity. The review must include a penetration test, when the third party looks for weaknesses in your website and networks.

Review your cyber insurance (or get some). And since not all policies are created equal, make sure someone on the executive team understands the coverage. Does it cover ransomware payments? Recovery costs? Loss of business? Do you need crime insurance as well? Is your insurance provision consistent with your business continuity plan?

Insist upon cyber awareness training. According to Thomson Reuters, 'Even the smartest lawyers and support staff can be manipulated into sharing sensitive or revealing data that creates an opening in an otherwise secure system.'

(If you're still concerned – as you should be – [register here](#) for a free, no-strings, expert discussion.)

Sales and client engagement systems (DRM, CRM, PMS, CMS, and LPM)

Often a law firm will get in touch with us when they know they need to organise their systems and processes, but they are having trouble figuring out what system they need. There can be a lot of issues tangled up in this question:

- Complex billing rates are a particular issue for mid-sized firms, with different rates for different clients or multiple rates for the same client for different kinds of jobs.
- The lock-up period is protracted, and the partners are looking for ways to reduce it.
- Referrals or cross-selling opportunities are getting missed because there's no clarity to the system or centralised data.
- There's too much paper floating around the office.
- A current regulatory proposal risks creating the complexity of having third parties handle client money, instead of the current situation, where legal firms handle this themselves.
- There are concerns about security and compliance.

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The right system (or systems) can address all of these issues, and although lawyers are by definition well-educated people, they may have trouble sorting through all the abbreviations floating around.

Here is a brief explanation of the different kinds of systems available to law firms:

Document Management Systems (DMS). This can be a game-changer for a legal firm, because the smart firms have gone paper-lite. A DMS will centralise all documents – contracts, pleas, discover materials, and correspondence – into a secure, searchable repository. In terms of knowledge management and future innovation, it can be the starting point for AI.

Customer Relationship Management (CRM). This system helps a law firm manage and grow client relationships more effectively – it helps a firm understand what requirements a client may have so the firm can meet them more readily. It also centralises contact info, tracks communications, and automates follow-ups, making it easier to nurture leads and retain clients. CRM tools can also streamline intake processes, track referrals, manage marketing campaigns, and provide insights into client interactions and case history.

Practice Management Systems (PMS). A PMS helps a law firm run its day-to-day operations more efficiently by centralising key functions: case management, time tracking, billing, calendaring, and task management. It allows solicitors and staff to manage cases, documents, contacts, deadlines, and communications all in one place. PMS tools also support accurate time entry and invoicing, helping firms capture more billable hours and get paid faster.

Case Management Systems (CMS). A CMS helps a law firm organise, track, and manage all aspects of legal cases in one centralised platform. It stores case details, key dates, and deadlines, and links to the relevant documents and communications in the DMS. These systems streamline workflows by automating tasks, setting reminders, and tracking case progress, which reduces errors and improves efficiency. (Note: CMS also refers to 'Content Management System,' a different thing entirely.)

Legal Practice Management (LPM). This is less a system you can purchase than a methodology. It's simply the application of project management principles – like planning, execution, monitoring, and communication – to legal work, helping firms to deliver their services in an efficient and cost-effective manner.

As you can imagine, any and all of these systems and processes can be a boon to a mid-sized legal firm. But there are some important considerations to work through beforehand. First of all, you need to make sure that all your data is clean and centralised *before* you start working with any of these systems. And second, you may already have systems that can do what you need without splashing out for something new – so the question is if you have someone in the firm who has the authority, confidence, and know-how to make these decisions.

Start with experienced IT leadership

Many mid-sized legal firms see IT as merely a line item and expect their IT team or Managed Service Provider (MSP) to handle any and all related opportunities or problems. This is understandable, given all the pressures and complexities of running a law firm, but it's also inadvisable – quite often many of the issues described above can be solved when there is someone on the senior leadership team with both technical and commercial experience, and who understands how IT can drive growth.

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CEO's Briefing

The first step
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Your MSP is not the appropriate advisor when it comes to which CRM is best for your business, for instance. Only an independent IT leader – who makes no outside deals with third parties – will make an objective decision for your firm.

Thus the first step before any expenditure is to align the IT strategy with business goals – and not to wait. One of the strengths of the legal sector is that it is steeped in tradition and marked by a certain cautiousness. We wouldn't want to change this; nevertheless, the pace of technological change has never been faster, and the traditional attitude of legal firms to 'wait and see' is leading some to become bystanders.

In some instances, we'll see a technology spend skewed too heavily towards maintenance and support, rather than implementing new ways of working and driving strategy; in others, the maintenance and support is an immediate problem. Still other businesses have an IT team good at the technical stuff, but not quite able to help the business grow.

Either way, an experienced CIO, CTO, or CISO can puzzle out what your business needs to run smoothly, and ensure every next step aligns with and supports your business goals. We're seeing that the mid-sized firms in the best position to face the coming challenges have a senior IT leader operating alongside the partners or the senior leadership team. And for the businesses who don't want, don't need, or can't afford a full time IT leader, a fractional IT leader may be the solution.

In the future, successful legal service providers will be more comfortable leveraging technology. Forward-looking organisations are already embarking on this journey.

If you've got questions about the IT in your firm and want to know more about how a fractional Freeman Clarke IT leader can help, [get in touch](#) for a no-risk, no-pressure conversation.



About us

Freeman Clarke is the largest and most experienced team of fractional IT leaders. We work exclusively with ambitious organisations, helping our clients use IT to beat the competition and grow.

IT Strategy | CIOs and CTOs for Private Equity | Team Mentoring
Team Development and Leadership | IT Risk Management and Compliance
IT Systems Integration and Reporting | Bespoke Software Development

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