A Tech-Buying Guide for Law Firms

Part 1

Digital transformation: What is it, why is it important & how can it help my firm?

As Covid accelerates the need for digital adoption, what do law firms need to know about technology? And how can it improve their client experience, operations, efficiency and compliance processes?

Part one of this four-part series delves into the factors influencing the legal industry's 'digital revolution' and the ways in which a strong tech foundation can help even the most analogue of firms.

Humans are creatures of habit. From our cup of coffee in the morning to our Netflix scrolling at night, we settle into routines and are reluctant to disrupt them. But no matter how hard we fight it, the world moves on regardless of whether or not we are ready for it to do so! From Barclays to Amazon, every successful company has evolved with the times – and law firms are no different.

Over the last two years a series of shifts and new regulations have affected the legal industry and pushed firms to adapt, from the Solicitors Regulation Authority (SRA) forcing more transparency on pricing, to the Fifth Money Laundering Directive coming into force and the Competition and Markets Authority (CMA) launching a review of the legal industry.

These have been compounded by COVID, which, for many firms, has highlighted a lack of oversight, good cash flow and understanding of how to remain fully-compliant while operating remotely.

The risk-averse nature of legal work, not to mention the lack of resource for complex processes, can make firms suspicious of digital transformation, assuming it will ultimately make little difference.

Luckily, there is a whole range of tech out there that can be integrated quickly, and that makes it simple to be compliant in a remote-working first world. But what do we mean by 'digital transformation,' and why is it so important?

Read on to discover how embracing legal tech can give you a competitive advantage and act as a revenue-generating partner; why tech tools are essential to being a fully compliant firm in a post-pandemic world; and how data insights could be the key to supercharging your growth.

Getting to grips with digital transformation

Put simply, digital transformation is the smart and strategic use of technology to overcome business challenges, improve operations and boost your company culture.

This could be a traditional bank embracing a mobile-first approach to compete with fintechs; an airline building out software to allow flyers to choose their seats and meals in advance; or the adoption of network-based software for settling capital markets trades.

While it can be easy to dismiss the need for digital transformation in your firm – how often have you said or heard someone claim that you're functioning 'just fine' without new technology? – the benefits far outweigh the minimum initial effort involved.
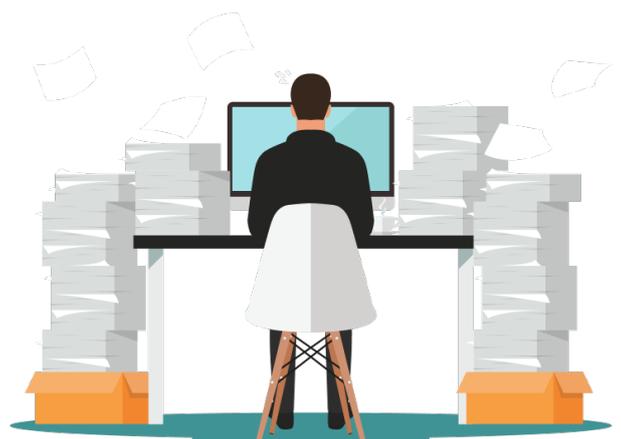
Why embrace legal technology?

Global pandemic aside, there are many positive factors pushing firms to modernise, and the true value of technology for your organisation will shift depending on your (and your team's) priorities.

The right tech can help with everything from consolidating suppliers to improving cash flow, reducing file opening times and improving client experience.

Being tech-forward can even give you a competitive advantage; by digitising the onboarding process, you can create a great impression from the start, leading to strong word of mouth referrals.

Compliance is a vital consideration in digital transformation. The SRA requires all firms to have a risk-based approach, and many organisations are yet to rethink this for a remote-first working environment.

Leveraging electronic due diligence tools will give you peace of mind, knowing that you are fully-compliant and have all the necessary processes and procedures in place for a robust approach to managing risk across the firm.

Finally, the best legal tech can act as a revenue-generating partner by reducing the cost of your fee earners' time, helping you to get paid faster and reducing your overheads. For example, a firm with revenue of £25 million could unlock an extra £1 million if their clients paid on average two weeks faster – easily done by enabling digital wallet payments.
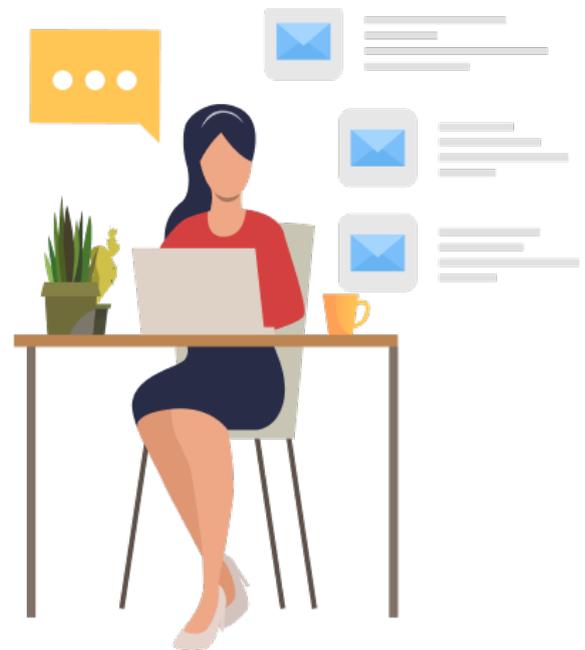
What kind of tech is available to help me?

Whether you are upgrading your current technology or exploring something completely new, there is a world of choice out there.

While buzzwords like AI may be off-putting at first, the goal is simple: to take all your existing administrative or repetitive tasks and digitise them.

So, what kinds of tasks of functions can technology help with – or even replace altogether?

Compliance and security: Compliance is essential in a heavily-regulated industry like law and there are many tools available to help, from biometric ID checks and digitised customer due diligence (CDD) to ransomware protection.

Knowledge Management: The Swiss Army Knife of the legal tech world, KM systems pull together everything from client research and community forums, to training documents to help firms stay up to date and to boost innovation.

Safe and secure file storage: With remote-first working looking to carry on for the foreseeable future, firms need to make sure they're not becoming lax around security measures – and that means no saving files to your laptop! A Document Management System (DMS) is the best way to keep confidential files safe, as well as to identify potential security breaches across the organisation.

Payments: Improve cash flow and make it easier for clients to pay invoices at any time of day by taking advantage of online payment systems which enable clients to pay more simply (like using credit cards and digital wallets) and more securely (by using the latest card scanning technology).

Data insights: Embracing tech comes with a benefit that can truly transform the way your firm operates and drive business intelligence – data. With insight into everything from invoice payment times to the number of clients onboarded in each practice area, you can see at a glance where you could improve.

It is worth investigating solutions that combine these functions seamlessly, cutting down on complexity, improving efficiency and reducing risk (only one login required!).

For example, Legl's joined-up approach digitises the entire client onboarding process, from KYC and due diligence checks, to sharing documents, to payment, for an end-to-end solution.

Opting for this approach allows you oversight of all business activities across teams and provides clear audit trails, as well as giving you a single source of truth for client data.

With the greater understanding and business intelligence gained from in-depth knowledge of your firm's performance and operations, you can accelerate growth and drive profitability.

How do I get started?

Now we understand the potential impact of digital transformation, how do we implement it?

Start by setting aside the solutions for a moment and focusing on your core objectives and needs as a business. Where do you want to improve, and how can you use tech as a tool to help you get there?

Plenty of tech and software companies can help you implement change management in a way that's smooth, speedy and allows you to reap the benefits as quickly as possible.

Next, in part two of this series, we'll take a closer look at what goes into a successful digital transformation, and how you can decide which tech solutions are the best fit for your firm.

About the author

Lauren Watson is Head of Legal Partnerships at Legl, the end-to-end client onboarding and firm-wide insight solution helping law firms succeed in a digital-first world.

She works with law firms across the UK from high-street practices to top 100 multinational law firms and is an expert on LegalTech for client due diligence, remote onboarding and online payments.

Lauren is passionate about how technology can improve access to legal services and help law firms to operate effectively and compliantly.

Get in touch: lauren@legl.com