

Increasing a law firm's efficiency through data-driven decisions

Aidas Kavaliauskas of data-management company *Amberlo* puts the rise of legal-tech into perspective for our profession



1.9 billed hours per lawyer per day or a utilisation rate of only 25% is a figure taken from the 2018 Legal Trends Report.¹ And while most law firms see increasing the firm's revenue and growing the client base among their top priorities, very few show interest in increasing efficiency.

And they should. In contrast to law firms, IT consulting firms have much higher utilisation rates, varying between 65 and 85%. Surely IT consulting is another business, but both kinds of firms deal in professional services, so is there a way to increase efficiency at law firms? Let's try to find out.

What happens to 75% of the time?

Beside working for clients, lawyers need to work on emails and documents, organise sales and business development, track time and expenses, issue invoices, track payments and manage staff. All this is done while continuously multitasking and dealing with information spread over multiple sources and systems, often implying manual processes and repetitive tasks.

Humans are so bad at multitasking. Our brain can do only one thing at a time. Switching between tasks creates stress and waste of time: multitasking can result in up to 40% loss of productivity.² While there is no way to completely eliminate multitasking, we can make it more efficient by improving planning and execution, reducing information-management efforts, automating repetitive tasks and improving

visibility. All this can be achieved with the help of modern legal technologies.

70 years of computing

Actually, it all started nearly 200 years ago, when British mathematician Charles Babbage invented the first 'programmable' computer.³ But after Charles Babbage, there was little happening for the next 120 years, until 1948, when the first software program was loaded into a computer's memory and executed. Over the next 70 years a whole new industry was created, with a huge impact on every other industry. During the same time GDP created per hour has multiplied by 2.5 in G7 countries⁴, which is not a coincidence.

In 1966 the Apollo missions started using computers for controlling space ships. In 1975 microcomputers became affordable to every household. In 1993 the worldwide web emerged and connected everyone and everything in this world. The connected world paved a way for connected applications and eventually we stepped into a cloud computing era. In 2018 73% of all enterprises were using cloud applications.⁵

Software development processes and tools have undergone radical changes as well: from punching holes in punch cards and manually loading piles of cards into a mainframe computer, to using integrated development tools and automated building, testing and deployment processes in the cloud.

The hardware and software that we use daily now on our

smartphones could not even be imagined by NASA at the time when the first man landed on the moon, just 50 years ago!

Innovations in the legal industry

During the INSOL Europe Annual Congress in Athens, one lawyer told me that the way law is practiced has not changed much over the past hundred years. I cannot agree with this statement. While the way the legislator works and the manner in which laws and regulations are adopted remain similar, the way law is practiced and the legal services rendered has changed a lot, already because of tools like the fax and copying machines, computers, word processing, internet and specialised software, which enable lawyers to work more efficiently. But it is also true that the legal industry, compared to other industries, is very reserved when it comes to adopting new technologies.

So why is the legal industry staying "at a safe distance" from technologies?

One reason could be that only very few law schools in Europe⁶ have legal-tech in their educational programs, thus creating a distance from the technology, already in the early days of professional education. Another explanation could be the relatively slow changes in the legislation itself.

At the same time, we witness an ever increasing pressure to change and innovate everything. It stems from an information overload resulting in constant multitasking, from clients who demand more for less, from new



SWITCHING BETWEEN TASKS CREATES STRESS AND WASTE OF TIME: MULTITASKING CAN RESULT IN UP TO 40% LOSS OF PRODUCTIVITY



privacy laws and new technologies like cloud computing, from the appearance of cryptocurrencies, from a major generation change thanks to which millennials and post-millennials are joining law firms and become clients of law firms as well, or even from the new forms of G2C relationships, like virtual citizenship.

Tools like emails, word processing, spreadsheets, Google search and the manual, repetitive processes built around them do not cope well with the new challenges. Recently we hear a lot about artificial intelligence replacing all lawyers and judges soon, though the reality is that most small to mid-size law firms in Europe are still running their business on email and spreadsheets. No one in Europe can quote exact figures, but those provided by The American Bar Association show that in 2018 only 22% of the law firms in US were using cloud-based legal solutions.⁷

But there are signs that change has already started. In 2018 investments in the legal-tech sector have grown by a staggering 713%.⁸ This means that we can expect many innovations in the upcoming years, and, in fact, the first seem to be just around the corner. Lithuania is already using an automated system for selecting a suitable insolvency practitioner for a particular insolvency case, not just randomly, but based on certain criteria. Estonia seems to be prepared to go one step further as it recently announced plans to launch a robo-judge which will rule on cases with limited claim value.⁹ When properly implemented, this should help save a lot of time and money. There is a number of other examples in the public and private sector. The general trend is that sophisticated technologies earlier used only by top enterprises, become more affordable and available to a much wider audience today.

A way to a higher efficiency

Today's top productivity killer is the accelerating world around us,

which creates a growing information overload and a perceived need for continuous multitasking.

Reducing multitasking, the information overload, and automating repetitive tasks, while centralising information-management or focusing on what's important, are the key enablers for higher efficiency. The problem is that the manual processes built around emails, spreadsheets, and various other general-purpose and outdated software provide little support for it. That is why the legal industry needs to invest in new technologies.

Physics books say that efficiency "is a measure of how much work or energy is conserved in a process".¹⁰ To measure the business process efficiency you need to find the difference between the efforts spent and the outcome.

It all starts with the planning and execution. Then follow measuring, reviewing, optimising, automating, executing and repeating everything again and again.

High quality decisions today are data-driven and require these data to be consistent and of high-quality. Making such decisions is therefore only possible when data collection becomes an integral part of an organisation's business processes by using business tools that collect high-performance data automatically. Otherwise data collection is hardly possible, meaning that decisions will be based on potentially faulty assumptions. Likewise, any business process automation – with or without an AI – is hardly possible without having access to high quality data first.

To give you an example: a sales team at a major financial institution was blaming high interest rates, bad economy and strong competition for unsatisfying sales results. After introducing an automation software, it took less than a month to find out that the main reasons for the bad results were related to the large amount of time spent to

manually process financing requests in addition to late follow-ups or no follow-ups at all. These findings would not have been possible without having the relevant data.

Good management software is a key enabler to data-driven decisions. If somebody would ask me to make a checklist for a such software, it would be a very long list with quick to start, affordable, easy to use and engaging, cloud based software, supporting automated high-performance data collection and tracking, providing good budgeting and agile planning, having good email and document automation and all the possible integrations, among priorities. There is no single ideal solution, but good solutions exist, to choose from, and they are improving every day.

Thus, finally, in order to build a successful organisation, you need to have a plan, a great team that can execute and implement efficient processes and the best tools to give the team in order to succeed. Once you get started, you will find yourself with more time, making less mistakes and being overall more productive. ■



VERY FEW LAW SCHOOLS IN EUROPE HAVE LEGAL-TECH IN THEIR EDUCATIONAL PROGRAMS, THUS CREATING A DISTANCE FROM THE TECHNOLOGY



Footnotes:

- 1 www.lawtechnologytoday.org/2018/12/the-legal-trends-report-whats-new-in-2018/
- 2 www.psychologytoday.com/intl/blog/brain-wise/201209/the-true-cost-multi-tasking
- 3 https://en.wikipedia.org/wiki/Difference_engine
- 4 <https://data.oecd.org/lprdy/gdp-per-hour-worked.htm>
- 5 www.forbes.com/sites/louiscolombus/2018/08/30/state-of-enterprise-cloud-computing-2018/
- 6 www.llmstudy.com/search/llm-programs/europe/?q=legaltech
- 7 www.lawtechnologytoday.org/2019/01/tech-report-2018-cloud-computing/
- 8 www.forbes.com/sites/louiscolombus/2018/08/30/state-of-enterprise-cloud-computing-2018/
- 9 www.wired.com/story/can-ai-be-fair-judge-court-estonia-thinks-so/
- 10 www.softschools.com/formulas/physics/efficiency_formula/29/