



A WHITE PAPER BY ADERANT

# EFFICIENCY IS THE FUTURE OF LAW: THE NEW ROLE OF MODERN COMPREHENSIVE CASE MANAGEMENT TECHNOLOGY IN COMPETITIVE AND PROFITABLE LAW FIRMS

## **EXECUTIVE SUMMARY**

Demand has dropped, budgets are scrutinized carefully, and new or alternative service providers have entered the market. As a result, the legal landscape has never been more intense and law firms have never had to compete so hard for business.

At the same time, corporate clients are demanding greater efficiency, transparency and predictability into the legal work they send to law firms. In-house counsel wants to be better informed, more involved, and today, also has to prove to *their* business partners, they are delivering the best legal outcome at the best price.

These factors are prompting leading law firms to find the ways and means to drive new operational efficiencies. Moreover, market research suggests that these law firms are increasingly turning to new case management technology to support process improvement and gains in efficiency.

At a high level, the rationale that makes case management an ideal place for process improvement is twofold. First, new advances in technology have integrated financial data with case management data to provide a single source of truth. Second, case management is at the very center of everything a law firm does to deliver legal value for clients.

This paper will examine the catalysts for greater efficiency in law firms and explore in depth how case management technology supports this effort.

## **EFFICIENCY IS THE KEY TO THE FUTURE OF LAW**

Agile. Lean. Six Sigma. Legal ops.

These relatively new concepts within legal circles were set in motion by a recession that occurred nearly a decade ago.

As corporations looked for new areas to cut expenses, the corporate legal budget came into focus. Until then, it had been acceptable to wave the corporate flag of risk, explain that legal was different, could not be measured – and then spend whatever was necessary to mitigate the risk.

Yet the driving force for business to cut costs in hard economic times was so great, these costs merited further investigation. Business leaders demanded a higher level of visibility into corporate legal costs:

- How much are we spending on legal?
- Where are we spending it?
- Which law firms are delivering the most value?
- Is this the best way to spend?

Never before had corporate counsel been tasked with justifying the legal spend in such detail. Consequently, legal operations – and a slew of process improvement methodologies – entered the legal lexicon. Corporate counsel began streamlining procurement, shifted some work to non-traditional service providers and reviewed law firm panels with greater scrutiny.

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## **BUYER BECOMES COMPETITOR**

Even corporate counsel itself has entered the mix. The very buyer of legal services was, in many ways, also transforming itself into a law firm competitor. Over the last several years, corporate legal has consistently beefed up staffing and has taken more work in-house.

For example, the [ACC Chief Legal Officers 2016 Survey](#) found that more than half (53%) of corporate legal budgets “are devoted to internal spending versus 47 percent for external spending.”

Likewise, [research by the BTI Consulting Group, Inc.](#), a widely respected legal market research firm, estimates corporate legal has shifted \$4 billion in spending from outside counsel to inside counsel in the last year alone.

Yet corporate isn't just chasing lower prices – it is looking for better value. In legal, value is defined as the best possible outcome at the best price. Often, such outcomes require expertise that can only be found in outside counsel. This has shifted the focus to legal pricing – and by extension how efficiently legal work can be performed in law firms.

## **SHARED RISK DRIVES NEED FOR EFFICIENCY**

GCs began asking law firms to share some of the pricing risks through alternative fee arrangements (AFAs). This was true both in commodity legal work such as insurance defense, but also in complex litigation cases, where it is broken into phases.

Expectations for greater transparency into project status and performance rose as well, bringing stronger requirements for visibility and reporting on client legal projects.

As a result, the competition for legal work has never been more intense. BTI, the legal research firm, dubbed the law firm competitive landscape a “[Predator’s Paradise](#)” – where the primary means of law firm growth comes by taking market share from rivals.

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## **LAW FIRM LEADERS SAY EFFICIENCY IS A PERMANENT TREND**

The vast majority of law firm leaders see current trends such as pressures on pricing, competition and legal service delivery as *permanent* according to the [2016 Law Firms in Transition](#) report by Altman Weil. In other words, those with the most vested interests in the continued viability of large law firms, believe this is the new normal – that demand for legal services will never return to the pre-2008 levels.

Astonishingly, in the same survey most law firm leaders admitted they were doing very little to adapt to these permanent changes.

“You would think that if 95 percent of managing partners say that price pressures, et cetera, are a permanent trend that 95 percent of firms would be doing something about it, and that’s not the case,” a co-author of the report explained to [Law360](#).

### **Is it Really Resistance to Change at Play?**

The data, surveys and headlines in the legal industry would have us all believe law firms simply resist change. There may be some truth to that idea. Change – anything without precedent – is inherently fraught with risk and lawyers are trained to resist risk.

Yet in our conversations with thousands of law firms every year, Aderant has discovered alternative variables. In fact, what is often perceived as simply resistance to change, is probably the result of a combination of factors.

First, many large law firms are so busy in the day-to-day of solving client legal problems, no one has the time to step back and really think about how things are changing, and how to adjust legal service delivery.

Second, for those firms that *do* recognize a need for operational efficiency, they are not certain where to begin. It’s a bit like the paradox of choice, where the options are so vast and varied it paralyzes decision making.

Third, some law firm partners will point out clients are not really asking for change. Aderant believes this third factor is dangerous because it conjures up a false sense of security.

Clients may not be asking for change in *word*, but they are asking for change in *deed*. From legal operations and AFAs to sending work to alternative service providers and even taking more work in-house – it is unmistakably clear corporate counsel is asking for change.

More importantly, some law firms are already embracing change, improving operational efficiencies and re-inventing legal service delivery. These firms are focused on the people, process and technology at the very center of a law firm: case management.



## THE EMERGING OPPORTUNITY IN CASE MANAGEMENT

Across the industry, Aderant believes about 30% of large law firms are actively investing in *comprehensive* case management. Indeed, as far as strategic technology investments go, case management stood out to us in the 2016 [ILTA/InsideLegal Technology Purchasing Survey](#).

According to the findings, 12% of respondents said they had acquired case management in the last year – and 15% have plans to purchase it in the next 12 months. It's significant to note those planning to purchase case management this year, is nearly double the findings from the same survey the previous year.

These results are reasonable given the new advances in case management technology, and the growing importance of efficiency in the business of law. Although results can vary based on the complexities of legal work and law firm dynamics, Aderant has found significant process improvement efficiencies achieved through case management.

This is because case management is the center of gravity inside a law firm. If processes are to be mapped, improved and automated, if the silos of information are to be broken down, and if law firms are to truly collaborate efficiently for competitive gain, then the management of the client case is an ideal place to begin.

## **INEFFICIENCIES SILENTLY SAPPING LAW FIRMS MARGINS**

To understand why case management is a strategic area of opportunity for law firms it's important to consider where inefficiencies currently exist. These are usually process flaws that can be traced back to where and how law firms manage client information.

Law firm data is typically stored in multiple and disparate places. For example, financial data is often maintained in practice management systems while case information is maintained in a variety of other locations.

The more sophisticated law firms have implemented traditional case management tools, but even these tend to lack integration with financial management systems. This has been a sizable and traditional challenge that has long dogged law firms because maintaining two systems creates an enormous barrier to efficiency.

The challenge is even greater when that data is stored elsewhere. Disparate is an operative word because it means firms are maintaining case files in incongruent and decentralized locations. For example, these locations range from email inboxes to desktop spreadsheets – and from document management systems to custom applications, the law firm managed to loosely cobble together.

This means firms are stuck with both the cost and the risk of managing at *least* two or more sets of data and two or more separate systems. This may well present the single greatest present barrier to efficiency in a law firm because if the data in these systems are at odds – which one does the law firm trust? Aderant has found this overarching problem manifests itself in the form of several inefficiencies that silently sap law firm margins. These can be grouped into the categories listed below.

### **1) Disparate sources of case and financial data.**

The inefficiencies caused by managing client data in two different systems becomes evident when the data in one system conflicts with the other. Reconciling the differences and obtaining data integrity is both labor-intensive and time-consuming. Two or more systems also brings associated problems in cost and disruption where system maintenance, updates or upgrades cause one system to conflict with the other.

Comprehensive case management provides a single source of truth for both financial and project data related to client case work. It provides firms with the efficiency gained from having just one set of data, one system to maintain, and most importantly, one place for law firm attorneys and staff to tap into all the information they need about a client or case.

## 2) De-centralized case and client information.

Client information that is entered, stored and managed in silos, such as in Microsoft® Outlook® or a spreadsheet, is a pitfall in client service. This habit inhibits the legal team from providing a clear client update about a case, its documents, approaching deadlines or even the budget.

In addition, the inability to account for documents stored in a decentralized structure also introduces the risk of critical case information going missing or being lost.

Modern case management provides a bi-directional integration to preferred attorney tools such as Microsoft® Outlook® or the Office productivity suite. This integration has to be so smooth, as to barely register as noticeable.

This, in turn, means sharing client information is easy. As a result, every member of the team has access to the latest information in a centralized case-centric view.

## 3) Barriers to collaboration.

Silos of information prevent shared understanding and, by extension, introduce a barrier to effective collaboration. Silos, by definition, separate data, stagnate process, and slow progress.

An insurance defense team with a large number of cases is a quintessential example. If the discovery requests are locked inside a spreadsheet maintained by a paralegal and saved to a local hard drive – the overall team will have a hard time gaining a shared understanding as to the timing and steps that move a case into the pre-trial phase.

Likewise, in litigation, with its many phases and documentation requirements, a central location is important for a legal team to quickly understand who is working on what part of the case – and when the next steps will ensue.

Effective case management provides an easy-to-use workflow application that *allows even non-technical staff to design and automate team assignments and tasks*. Members are automatically notified when an assignment is overdue.

#### 4) Risk of missing critical deadlines.

Missing or forgetting a court date is consistently one of the top reasons law firms face malpractice claims. Absent a central way to share information, including critical deadlines, the risk of missing a key date increases exponentially.

This is an unnecessary risk since comprehensive case management enables a law firm to build process templates for keeping the team on time and on track. For example, an insurance defense firm can build a service level agreement (SLA) and deploy it across high-volume cases to enable them to meet deadlines with claims adjusters or to provide case assessments.

More importantly, the law firm builds it once and can use it repeatedly to gain greater operational efficiency.

#### 5) Heavy reliance on manual processes.

Certainly having an associate attorney picking through a list of folders and files to ensure he or she has the right one is inefficient. This style of ad-hoc process often results in a high volume of emails, phone calls and team meetings in order to check and double-check on files, tasks and deadlines. This eats into law firm margins.

Yet effective case management streamlines much more than merely centralizing case information. Whether it's streamlining a process or engineering unique conditional workflows, comprehensive case management put process standardization and automation directly in the hands of the legal profession.

## 6) Difficulties maintaining in-house custom solutions.

Custom solutions are often cobbled together from existing technology implementations, which were initially designed to support other processes. Such systems are costly to maintain and often law firms are reduced to modeling legal processes to *fit the technology, rather than using technology to improve the process.*

Innovative case management technology is specifically designed to support law firm processes. It is also flexible enough to be customized to meet the unique needs of a specific attorney, practice group or law firm. This is highly desirable in large law firms, where one practice area, manages workflow quite differently from another.

## 7) Continuous improvement in operational efficiency.

In the absence of a mechanism to manage both case work and process efficiently, law firms are, at best, making educated guesses on pricing. Yet comprehensive case management aggregates work information over time, so law firm leaders can sort through the history in unprecedented detail to understand the level of effort different categories of cases require.

This helps law firm leaders better understand how to best staff cases, and how long these take on average, among many other metrics. This information not only provides the law firm with the opportunity to continuously improve efficiency, it also enables the firm to offer its services at more competitive, profitable and perhaps, alternative prices.

If a law firm can determine with *precision* that a particular phase of a case on average requires 10 hours of billable time, for example, the firm can offer definitive pricing for that phase. The new confidence the firm has in the fidelity of its process, as a result of the tracking provided through case management, may conceivably enable the firm to price that phase at a flat fee of 15 hours. If the pricing is better than the closest rival that *estimates* that phase will take 20 hours, then the firm is able to provide a lower cost, while also maintaining its margins.

This is an obvious competitive advantage.



## **EASILY ADAPTABLE TO LAW FIRM NEEDS**

Everyone has a preferred technique – preferences for how to get things done.

Lawyers, for example, have an affinity for email and many attorneys will admit to using it like a personal case management system. Similarly, practice groups within law firms will have processes that vary from area to area. Indeed, how exactly work gets done is a point of differentiation among leading law firms.

All this goes to demonstrate that legal technology must be adaptable to law firm needs if it is to be successfully adopted in the pursuit of efficiency. A critical aspect of adaptability is the ability to configure and modify the technology without technical or IT assistance.

In the context of comprehensive case management *adaptability*:

- Works in a way already familiar to an attorney, practice group or law firm
- Provides frictionless two-way integration with conventional office productivity tools
- Makes role-based views available for every level, from paralegal to managing partner
- Enables users to easily toggle between team tasks and individual assignments
- Offers customization to meet the exceptional requirements of a practice group or firm
- Is easy to configure **without the need for IT**, consulting or vendor assistance

### Automation: Build Once, Replicate Many Times (Without IT Support)

Automation is a method of standardizing a repeatable process and then finding ways to improve efficiently. For example, building out a workflow or task flow for a discovery phase, that defines who needs to do what work, and when – and then automatically prompting the appropriate team members to complete documents, review or approve filings, or otherwise facilitate the move onto the next step in the process.

Automation, in this case, eliminates the communication breakdowns and common bottlenecks among group projects with assigned tasks and required approvals. The streamlined task flow ensures standards are being followed and the work is being completed efficiently. The entire process is visible to the whole team from start to finish.

Document assembly is another good illustration of automation in case management. Litigation work, for example, often requires high volumes of documentation. These include pleadings, filings, motions, complaints, and answers.

Each document has specific formats and mandatory information requirements. However, instead of creating each document from scratch, automation enables the team to build templates for each format once – and populate the appropriate field on as many forms as needed in the future.

In the context of comprehensive case management *automation*:

- Provides process mapping and process improvement tools
- Supports easy-to-build custom workflows and even conditional task flow
- Facilitates the development and management of client service level agreements (SLAs)
- Offers integrated document assembly
- Automates reporting for the team, law firm leaders and ultimately clients

## Case-Centric Collaboration

Collaboration is a fundamental organizational imperative for law firms, practice groups and legal teams. The lack of collaboration often causes a continual breakdown in team communication. It is highly inefficient and introduces unnecessary risk in handling and storing client information.

True collaboration requires the ability for a legal team to see *everything* that is going on with a particular case. An attorney with a team of people assigned to a client case will have unique visibility or reporting requirements – and so too will other team members. What paralegals need to see is very different from the needs of a managing partner.

Everyone needs the ability to see both personal tasks, those tasks assigned to the different members of the team, and those tasks in relation to the overall case. This also applies to appointments, deadlines, and files on which the team is working. For example, a team representing an insurance client needs to be able to see when records were requested from opposing counsel, in order to anticipate the next steps.

In the context of comprehensive case management *collaboration*:

- Provides a centralized view of all information relevant to a case
- Improves the overall visibility and reporting of the project
- Enables seamless sharing of related case data from separate applications or devices
- Offers the capacity to see assignments across a team and across cases
- Automates notifications as tasks are completed and warns of impending deadlines

## **ENABLING THE MOBILE LAWYER AND THE AGILE FIRM**

The legal community has increasingly gravitated toward mobility. The [2015 Legal Technology Survey Report](#), an annual survey conducted by the ABA, found about half (49.6%) of participating attorneys report using a tablet for work. That number has risen dramatically since tablets first went mainstream just a few years earlier.

The fact is, attorneys, indeed their entire teams, need access to client documents, tasks appointments, and financial data while on the move. Whether they are a litigator in the midst of a court hearing or a partner visiting a client, mobile accessibility has to provide the same depth and breadth of information an attorney has in the office.

In the context of comprehensive case management *mobility*:

- Provides secure access to client case information anywhere there's a connection
- Supplies the same level of information accessibility afforded from a law firm office
- Delivers a consistent user experience and responsive design
- Supports the imperative of transforming leading firms into agile law firms



## **EFFICIENCY IS A LAW FIRM'S COMPETITIVE EDGE**

Law firms are no longer just competing against each other for client business. Instead, they are now also competing against alternative service providers and even against the internal resources of a potential corporate client.

As such, the demands for efficiency in law and the pressures on legal pricing show little promise of easing. If anything, these pressures are likely to grow in intensity and continue to challenge firms to become creative, innovative and flexible in legal service delivery.

Case management is an ideal place for law firms to explore technology investment opportunities aimed at streamlining people and process. The nature of natively combining case management and practice management data into one technology provides new opportunities to both reduce costs and glean new insights into efficient legal work, staffing and pricing.

Efficiency is the future of law and everyone knows it. Leading law firms are getting a head start on the competition with case management.



## **INTRODUCING EXPERT CASE**

The Aderant Expert Case product is a new legal software product specifically designed for large law firms. Expert Case unifies case management data with financial data from practice management systems. It's a case management system that's built into the Aderant Expert practice management system, which for the first time, provides law firms with a single source of truth as to client data, cases, and financial information.

Consolidating information into one centralized location is not only more efficient and cost effective, but also makes for seamless collaboration. Expert Case ensures every member of the team has access to real time data on each matter in which they are involved.

Expert Case is easily adaptable, putting the tools for mapping and automating law firm process directly into the hands of the legal team. Technical help is not necessary to build templates and task flows to put automation to work and reap the profitable rewards of efficiency.

The new Expert Case product is mobile and touch-friendly on tablets. The product was built in HTML5, which means it works with the popular browsers most law firms prefer. The mobility feature facilitates the agile law firm because it provides the same depth of functionality users expect, whether they are on a desktop or tablet.

Expert Case helps law firms standardize and accelerate the legal process in order to reduce the risk of missing files or deadlines, enhance customer service and ultimately drive greater efficiency. This, in turn, puts law firms in greater command of details about work they perform, the associated costs and enables them to deliver greater value to clients.



## **ABOUT ADERANT**

Aderant is a global provider of comprehensive business management software for law and other professional services firms. Headquartered in Atlanta, with offices in Los Angeles, London, Amsterdam, Sydney, Melbourne and Auckland, Aderant helps firms run a better business by providing market leading solutions for business intelligence, matter management and a full suite of front and back office solutions to optimize firm performance. With a 35-year history as a global industry leader, Aderant supports nearly 3,200 clients in more than 30 countries, representing 77 of the top 100 Global Law Firms and more than 88 percent of the Am Law 200.

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