

# The 2021 Law Firm Imperative: Meet Changing Client Needs & Maximize Profitability

Competition among law firms continues to intensify as the digital era progresses, even as pandemic-related disruptions raise unexpected speed bumps along the way. Struggling firms still rely on time-consuming and imprecise manual legal processes that hammer productivity levels and siphon away profits. Meanwhile, corporate clients increasingly monitor and measure legal services with high expectations for cost-efficiency. They demand more discounts and alternative pricing models that offer more cost-effective staffing and resourcing options.



“Leading in-house legal functions in the next several years will focus more aggressively on continually weighing resource decisions for specific areas of work,” says Zack Hutto, Director, Advisory, at Gartner, discussing recent [research](#) that finds increasing investments in legal project managers (up 56%) and data scientists employed within the legal function (up 30%). In response, many law firms are shifting how they plan to manage client work. A BTI Consulting [survey](#) recently found that “Law firms are winning more work by discussing staffing preferences with their clients and agreeing on an approach.”

Meeting evolving client demands in 2021 requires higher levels of legal process scrutiny and stronger financial control than most law firms applied in the past. Firm leaders need a more comprehensive view of operations that enables them to:

- **Enhance Productivity:** Get a complete picture of how people, technologies, and data interact throughout each workflow and process to best optimize the individual steps along the way.
- **Meet Changing Client Demands:** Delve into firm data at granular levels to confidently plan how to best serve clients without undercutting firm profitability.
- **Maximize Profitability:** Pinpoint and track metrics that help reveal more ways to maximize profitability strategies. Leverage data to continually optimize firm processes, controls costs, and make more informed financial decisions.

## LAW FIRMS CANNOT MEET 21ST - CENTURY NEEDS WITH 20TH-CENTURY TOOLS.

In a world where [79%](#) of corporate lawyers say it’s important that the law firms they work with demonstrate efficiency and productivity, you don’t want your lawyers using red ink pens to mark-up printed pre-bills. Now that more effective tools and methods exist, it’s easy to spot the inefficiencies and inaccuracies that plague manual legal work.

### Traditional Manual Processes

Timekeepers scribble notes and tediously peck away at keyboards, inaccurately reimagining the work of days long past.

Billing specialists and fee earners struggle with a prebill review and edit

### Automated & Digital Processes

Software automatically records billable hours as work is performed while also enforcing outside counsel guidelines. Timekeepers edit and approve pre-populated timesheets in minutes.

Digital review and editing capabilities and the automated enforcement of client- and matter-specific rules speed more accurate invoices out the door.

merry-go-round. Billing cycles slow to a crawl.

Generate reports and analysis by slowly aggregating input from multiple people, siloed software applications, and Excel sheets. Plug data extracts into reports. Distribute via email.

Rely on digital analytics and automated reporting tools that access the most recent data to instantly produce and distribute accurate, up-to-the-minute reports.

When creating the firm budget, rely on assumptions and theories, requiring so much effort that it can only be done once a year.

Use powerful budgeting tools to quickly create the annual budget. Set benchmarks and continually monitor data to reveal trends and make data-driven predictions quickly. Easily update the budget as often as necessary based on the latest market and firm performance data.

Operate on the principle that billing more hours is the only way to increase profitability.

Thoroughly understand the ways more variables affect profitability to make cost-effective choices about firm and case management issues.

These are just a few examples of the many processes that can be streamlined and tasks that can be automated to significantly boost firm productivity levels. You can feel the growing futility of continuing to rely on manual work processes—futility that became glaringly evident when legal professionals began to deal with the ramifications of COVID-19.

## **COVID ACCELERATED THE DIGITAL TRANSFORMATION OF LAW FIRMS.**

Many law firms had begun to explore advanced analytic tools, AI, and machine learning prior to 2020. The word was out—technology drives efficiency, and efficiency drive profits. A January 2020 survey showed that the profitability rates of 62% of firms that fully leverage technology increased over the prior year. Compared to firms that use technology less, the more profitable firms outperformed them across all areas of preparedness related to technology, staffing, and organizational and client focus.



Then COVID-19 struck, pushing firms to use more modern technology solutions to assist remote workers and to deal with the now unavoidably digital nature of business. Many law firms experienced a decrease in demand for legal work. Yet, some firms buckled down to more rigorously manage timekeeping, billing, and collections processes and help drive the legal industry to an average net income growth of **14.1%** and a **profits per equity partner growth of 14%** in 2020.

After dealing with the effects of COVID, **84%** of partners expect their firms to increase investments in technology. With technology at the core of more legal processes, firms gain significantly increased visibility into a deeper range of aspects concerning their legal processes and financial operations. And they gain access to new knowledge and insights that enable them to maximize profitability.

## **STREAMLINE LEGAL PROCESSES AND CONTROL COSTS FOR A MORE PROFITABLE FUTURE.**

Now, digital trails show who performs what activity, when, along with who and what technologies are involved throughout each step of a process. You can also see and track how data is applied and identify where bottlenecks slow progress. You gain an enhanced level of visibility that allows you to make intelligent choices about optimizing the individual steps of your legal processes, such as which workflows to eliminate and which tasks to automate.

You can also collect and analyze data to learn more about the factors that affect your firm's past, current, and future health. Monitor firm, department, timekeeper, case, and matter performance metrics to spot and resolve potential issues *before* they cause havoc and raise costs. With fast access to up-to-the-minute information, firm leaders can engage in more meaningful discussions and make data-driven decisions for how to price, manage, and deliver legal services—all while protecting and driving profitability.

## **HOW CAN YOU IMPROVE YOUR FIRM'S LEGAL PROCESSES AND MAXIMIZE PROFITABILITY?**



Iridium's business intelligence and financial analytics tools help you understand where and how to improve your processes and boost profitability. You can fully customize each product to align with your firm's specific practices and requirements. Here's how to get started:

- Automate timekeeping using **SmartTime**, which follows the digital trails working professionals leave behind to automatically record more billable hours. (Typically recording an additional 8-10 billable hours per month, per timekeeper.)
- Accelerate and streamline billing using **Steere PrebillManager** to automate and simplify invoice editing, approval, and processing.
- Rely on the **Intellistat Budgeting and Forecasting** module to create alternate firm budgets for multiple scenarios. Build budgets throughout the year to ensure actuals are on track. Reforecast, if necessary, to reflect changing market conditions.
- Shine a spotlight on your profitability analysis using the **Iridium Profitability** module. Tie collections back to the associated work and costs in previous periods and tie work to anticipated future collections. Perform "what-if" analyses to manage quickly shifting variables. Forward-looking projected scenarios help you perfect your profitability strategies and determine the optimal actions to take now.

And that's just the beginning. Perhaps the biggest lesson of 2020—and maybe the entire digital era—is that the only effective way to future-proof your firm is to use software and BI tools that evolve at the same pace as those in the world around you. Curious to see how you can meet the 2021 imperative to modernize processes and maximize profitability? [Schedule your demo now.](#)

