

INDUSTRY REPORT: SURVIVAL OR EVOLUTION

LAW FIRMS NAVIGATE A DIGITAL METAMORPHOSIS



HOW DID COVID-19 DISRUPT THE LEGAL INDUSTRY? IN SHORT, IT USHERED IN A NEW WAY OF PRACTICING LAW.

Our recent survey of over 300 law firms taken during quarantine shows the legal profession rapidly evolving in response to the Coronavirus pandemic. From client acquisition and new service offerings to mobilizing an entire firm to work remotely, the challenges are legion. The legal landscape has also changed quickly, requiring firms to engage virtually with clients, leverage new digital solutions to analyze their business and respond with new types of services, while maintaining safeguards to data security and adhering to compliance best practices.

As a result, COVID-19 has brought digital transformation to the forefront of the legal industry, requiring law firms to optimize their business in a digital age, and deliver client services free of traditional brick-and-mortar office visits, and antiquated paper files.

IN THIS REPORT, WE'LL SHARE FINDINGS ON:

- What law firms are doing to maintain operational efficiency in a distributed work environment
- Firms' efforts to leverage virtual collaboration solutions
- What firms should be doing to gain insight into firm operations
- How firms are addressing technology infrastructure evolution
- The challenges of data security and client privacy in remote work scenarios

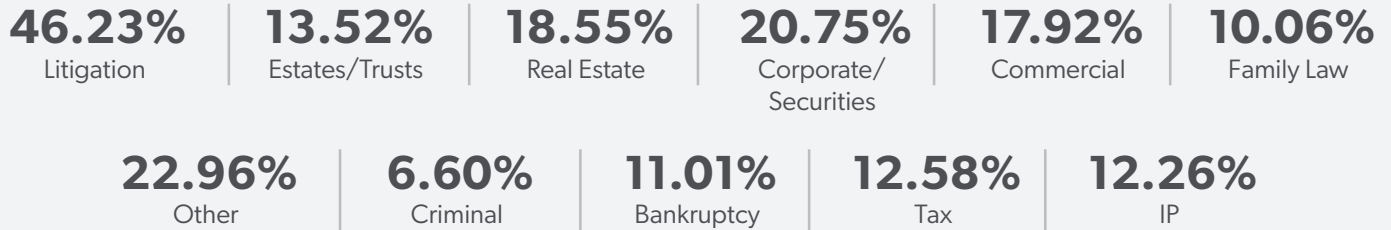
Read on to find out more.

DEMOGRAPHICS

Number of respondents: 366

Practice area

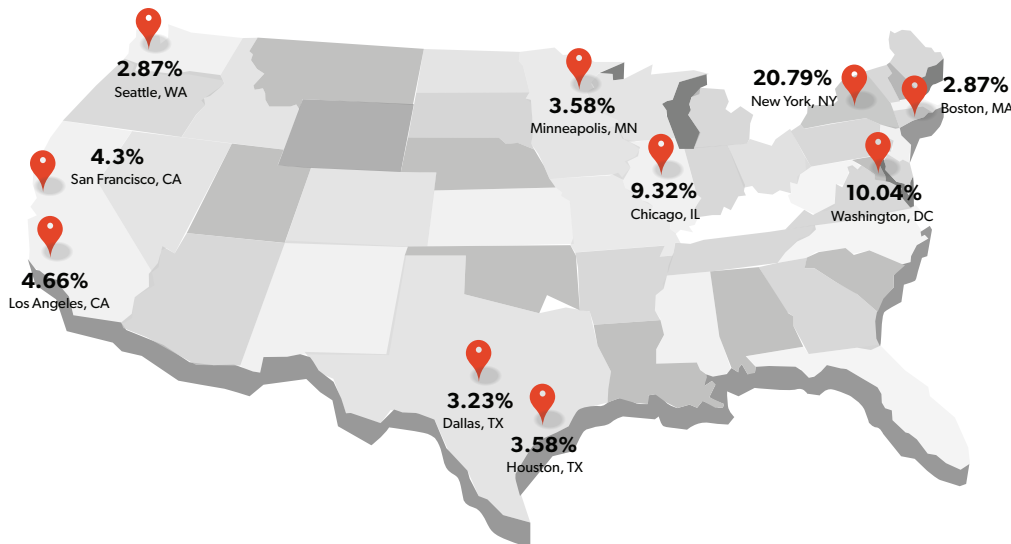
(multiple selections permitted)



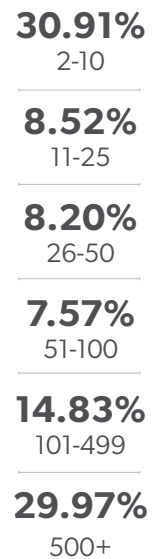
Other responses included:

- Labor and employment
- Health care
- Immigration
- Construction
- Utility regulation
- Contracts
- Tech
- Banking
- Regulatory
- Workers comp./personal injury
- Venture capital and private equity
- Civil rights
- Legislative advocacy
- Public finance
- Political law (election, lobbying, and government ethics laws)
- Music and copyright
- Education law
- Environmental, antitrust, government, compliance
- Consumer
- Insurance
- Transactions

Firm location (top 10)



Firm size





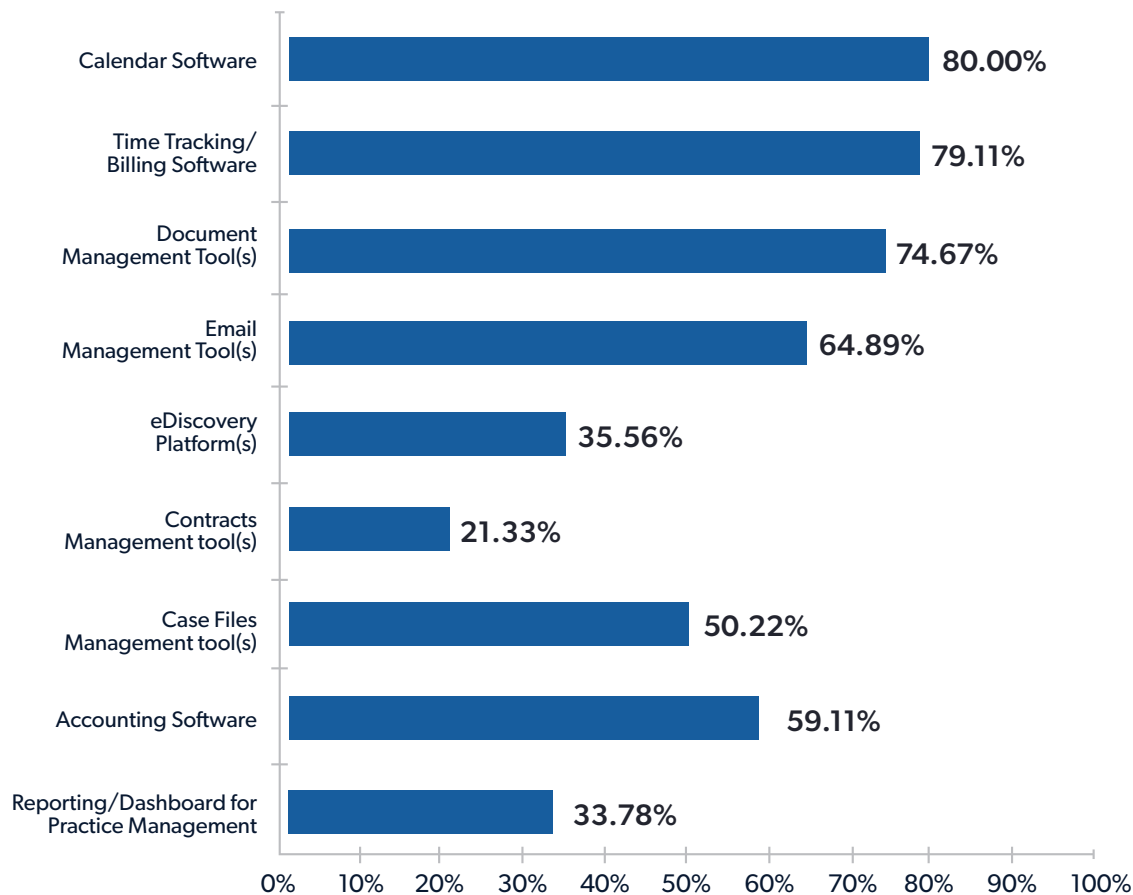
KEY FINDINGS

- > **Calendar software, time tracking/billing software, and document management tool(s)** were identified as the top three types of technology relied on to run firms.
- > Almost 60 percent of respondents reported that technology was **extremely** important to their firm.
- > Over half of respondents reported that they were **not** aware of CCPA and how it (and similar legislation) will impact how they collect and store client data.
- > Half of respondents said they were **not sure** how they would assess their firm's success in complying with requirements of the CCPA and/or other applicable privacy laws and regulations. The next largest cohort (about a quarter) reported that their firms were **fully compliant**.
- > In the majority of firm size categories, a strong plurality of respondents were uncertain about their firm's compliance status regarding CCPA.
- > Almost 30 percent of respondents reported that **complexity of the legal requirements** were their firm's biggest challenge in regards to compliance, followed by expense/lack of budget.
- > Attorneys at the two largest categories of firms were most likely to cite legal complexity as the greatest challenge to CCPA compliance. Among the smaller categories of firms, respondents were more likely to cite lack of organizational commitment.
- > Almost 60 percent of respondents reported that they **do** use an electronic payment processor.
- > The largest cohort of respondents reported that they **don't use/don't need** a mobile app for legal case management.

FINDINGS

What legal technology do you rely on to run your firm?

(multiple selections permitted)

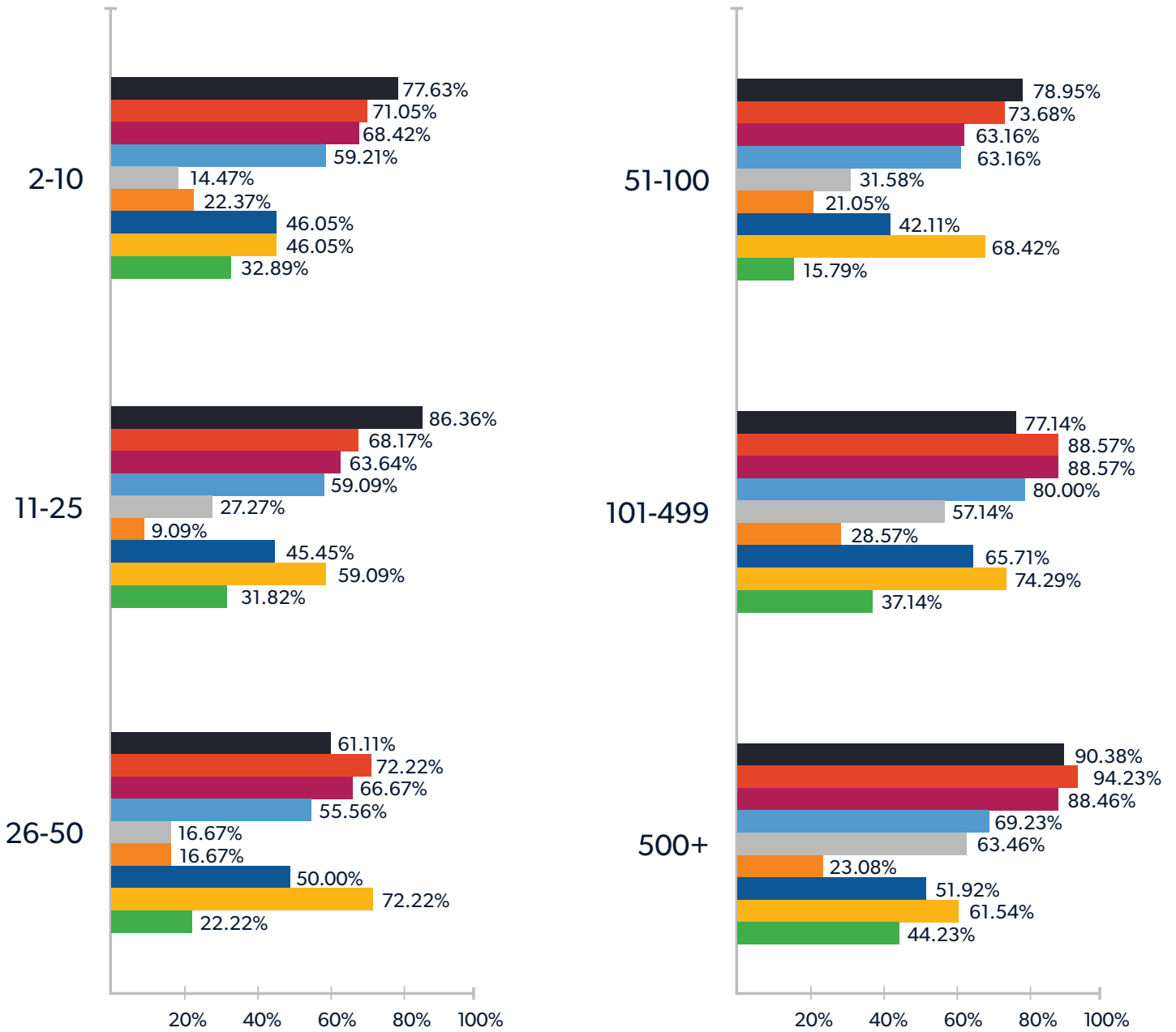


Calendar software (80%), **time tracking/billing software** (79.11%), and **document management tool(s)** (74.67%) were identified as the top three types of technology relied on to run firms.

Respondents reported the lowest level of usage for **contracts management tools** (21.33%), **reporting/dashboard for practice management** (33.78%), and **eDiscovery platforms** (35.56%).

FINDINGS

By firm size



- Calendar software
- Time tracking/billing software
- Document management tool(s)
- Email management tool(s)
- eDiscovery platform(s)
- Contract Management tool(s)
- Case Files Management tool(s)
- Accounting software
- Reporting/dashboard for practice management

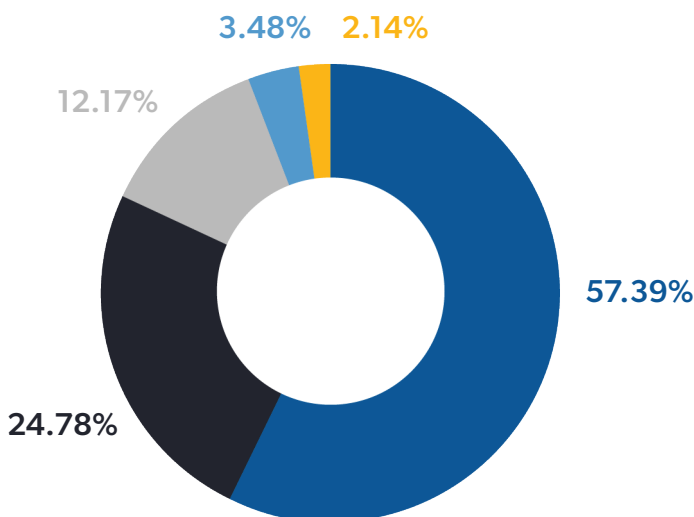
- > **Time tracking software**, while used by nearly everyone, was reported as the **most relied upon** tech tool by those at **firms with between 26 and 50, 101-499, and firms with over 500** attorneys. (For firms in the 26-50 cohort, accounting software was equally relied upon.)
- > **Calendar software** was the **most relied upon** technology at firms with **2-10, 11-25, and 51-100** attorneys.

- > **eDiscovery platforms** were the **least relied upon** technology at firms with **2-10 and 26-50** attorneys. (For the latter category of firms, contracts management tools were in tie with eDiscovery tools for the least relied upon.)
- > **Contracts management tools** were the **least relied upon** technology for firms of **11-25, 101-499, and 500+** attorneys.
- > **Reporting/dashboard for practice management** were the **least relied upon** for firms of between **51-100**.

By practice area

- > **Time tracking/billing software** was identified as the **top** technology relied on for firms in **litigation** (84.07%), and contract management was the least (15.93%).
- > **Document management tools** were identified as the **top** technology relied on for firms in **corporate practice areas** (93.62%), and eDiscovery (55.32%) and contracts management tools (55.32%) were the least.
- > **Time tracking/billing software** was identified as the **top** technology relied on for **real estate** firms (86.67%), and contract management tools were the least (42.22%).
- > **Time tracking/billing software** was identified as the **top** technology relied on for firms in **tax practice areas** (90%) and contracts management tools (46.67%) and reporting/dashboard for practice management (46.67%) were the least.
- > **Calendar software and time tracking/billing software** were identified as the **top** technology relied on for **IP** firms (both 82.76%), and contracts management tools were the least (27.59%).

How important is technology to your firm?

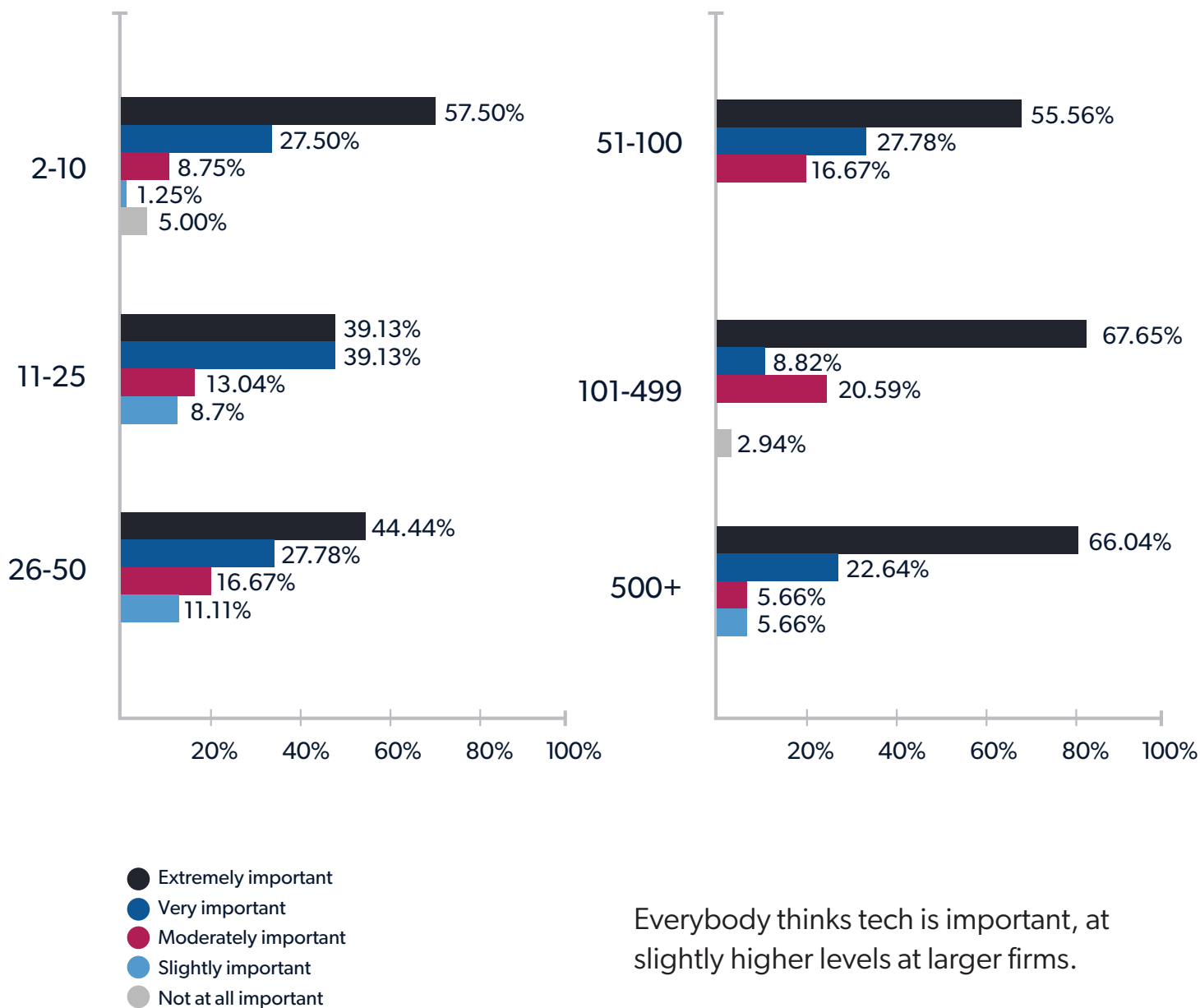


Almost 60 percent of respondents reported that technology was **extremely important** to their firm.

- Extremely Important
- Very Important
- Moderately Important
- Slightly Important
- Not at all Important

FINDINGS

By firm size



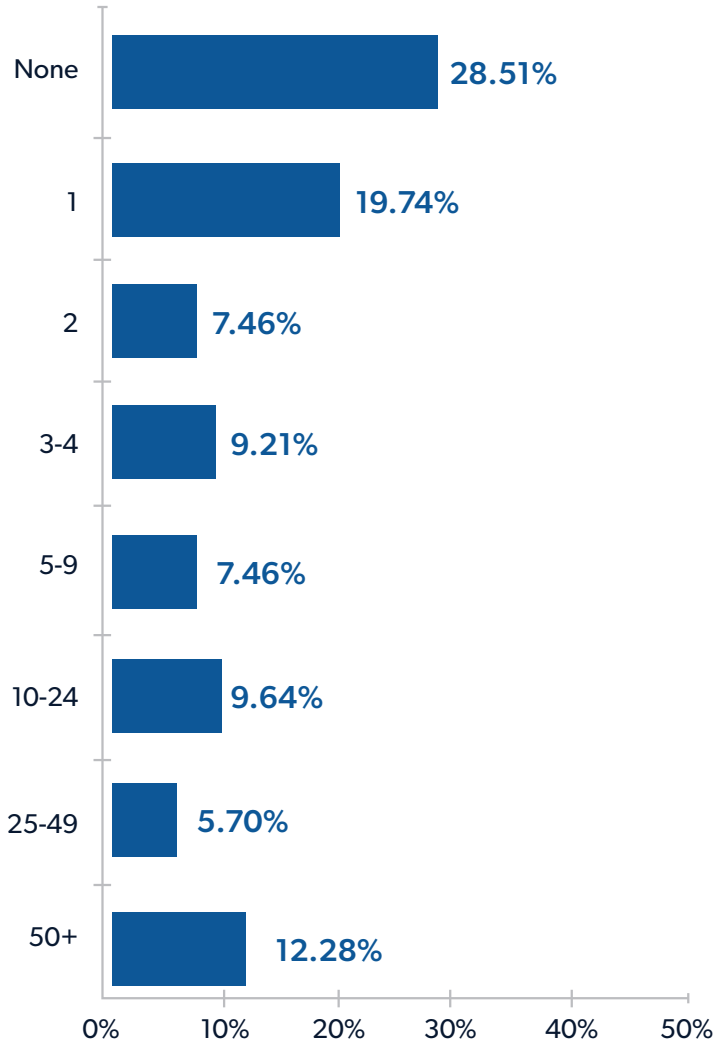
Everybody thinks tech is important, at slightly higher levels at larger firms.

By practice area

Across all practice areas, technology is considered important, but those in Bankruptcy assigned it the greatest value, and those in Estates/Trusts at the lowest levels.

FINDINGS

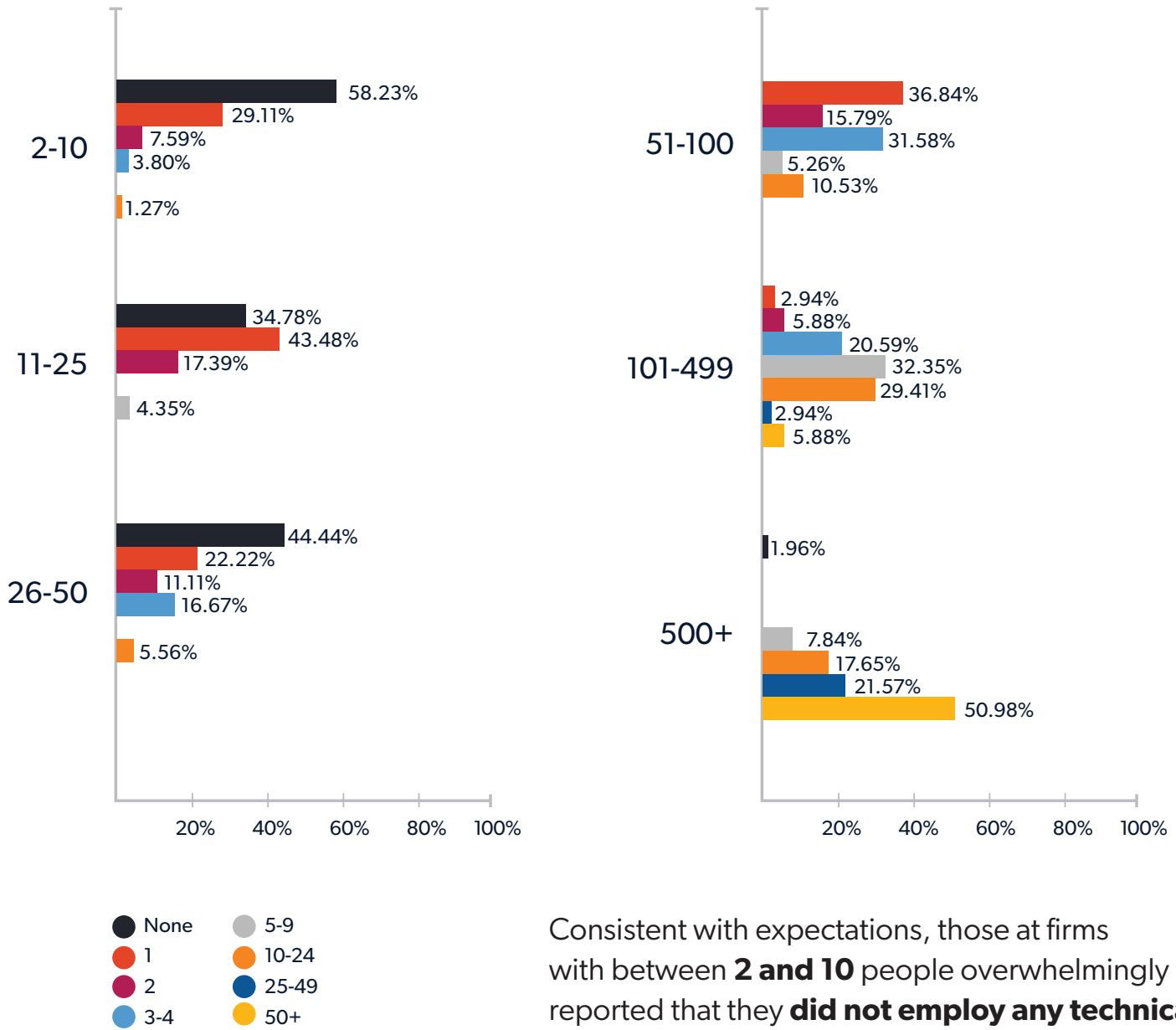
How many technical support staff does your firm employ?



The largest cohort of respondents reported that their firm **did not employ any** technical support staff at all (28.51%).

FINDINGS

By firm size



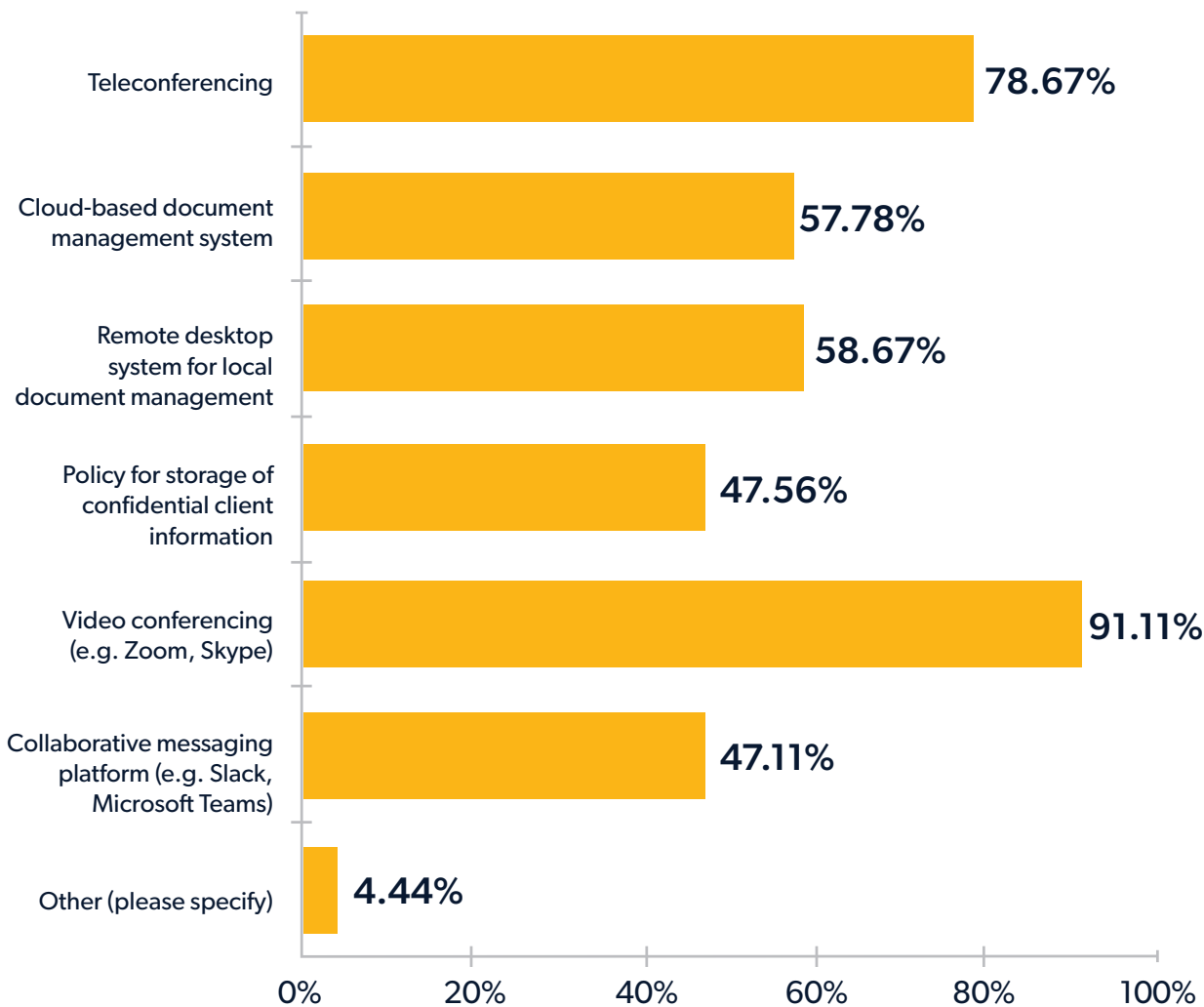
Consistent with expectations, those at firms with between **2 and 10** people overwhelmingly reported that they **did not employ any technical support staff**. The largest cohort of those at firms with over 500 people most commonly reported employing over 50 technical support staff.

By practice area

The largest cohorts of those who work with **IP** (30%) and **criminal** (33.33%) practice areas reported **employing over 50 technical support staff**.

FINDINGS

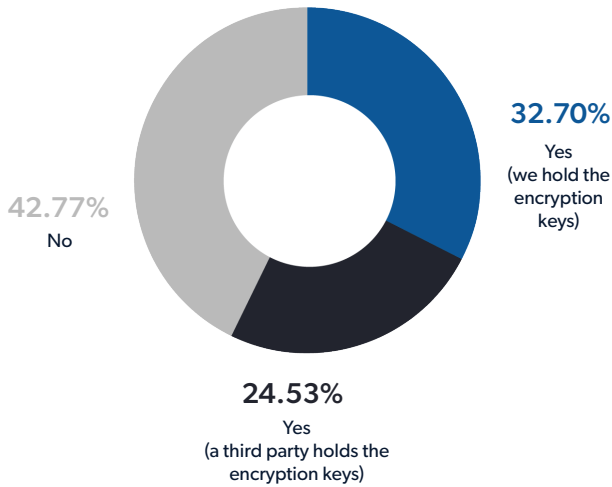
With the advent of widespread remote or distributed working arrangements, which of the following does your firm offer or support?
(multiple selections permitted)



Video conferencing (91.11%), **teleconferencing** (78.67%), and **remote desktop system for local document management** (58.67%) were identified as the top three remote or distributed working arrangements that firms offer or support. Collaborative messaging platforms and policy for storage of confidential client information were the least common responses, but even so, almost half of respondents reported that their employer offered or supported them.

FINDINGS

Do you grant access to client and case information by role or responsibility level?



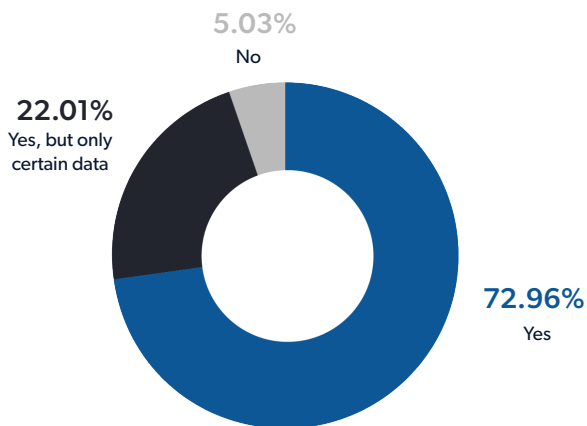
The largest cohort of respondents reported that they **do not** grant access to client and case information by role of responsibility level.

Are you aware of CCPA and how it (and similar legislation) will impact how you collect and store client data?



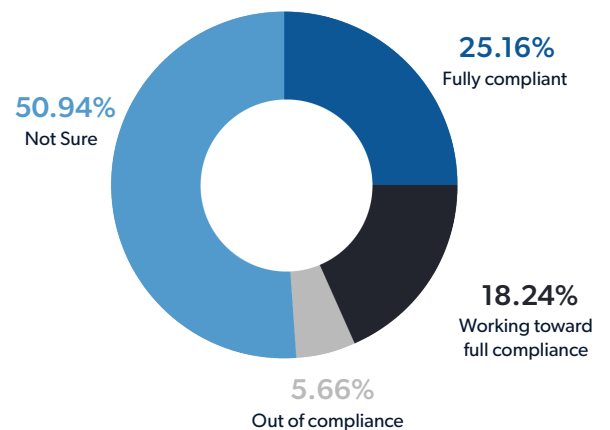
Over half of respondents reported that they were **not** aware of CCPA and how it (and similar legislation) will impact how they collect and store client data.

Do you enable email attachments for sending or receiving documents?



Over 70% of respondents reported that they **do** enable email attachments for sending or receiving documents.

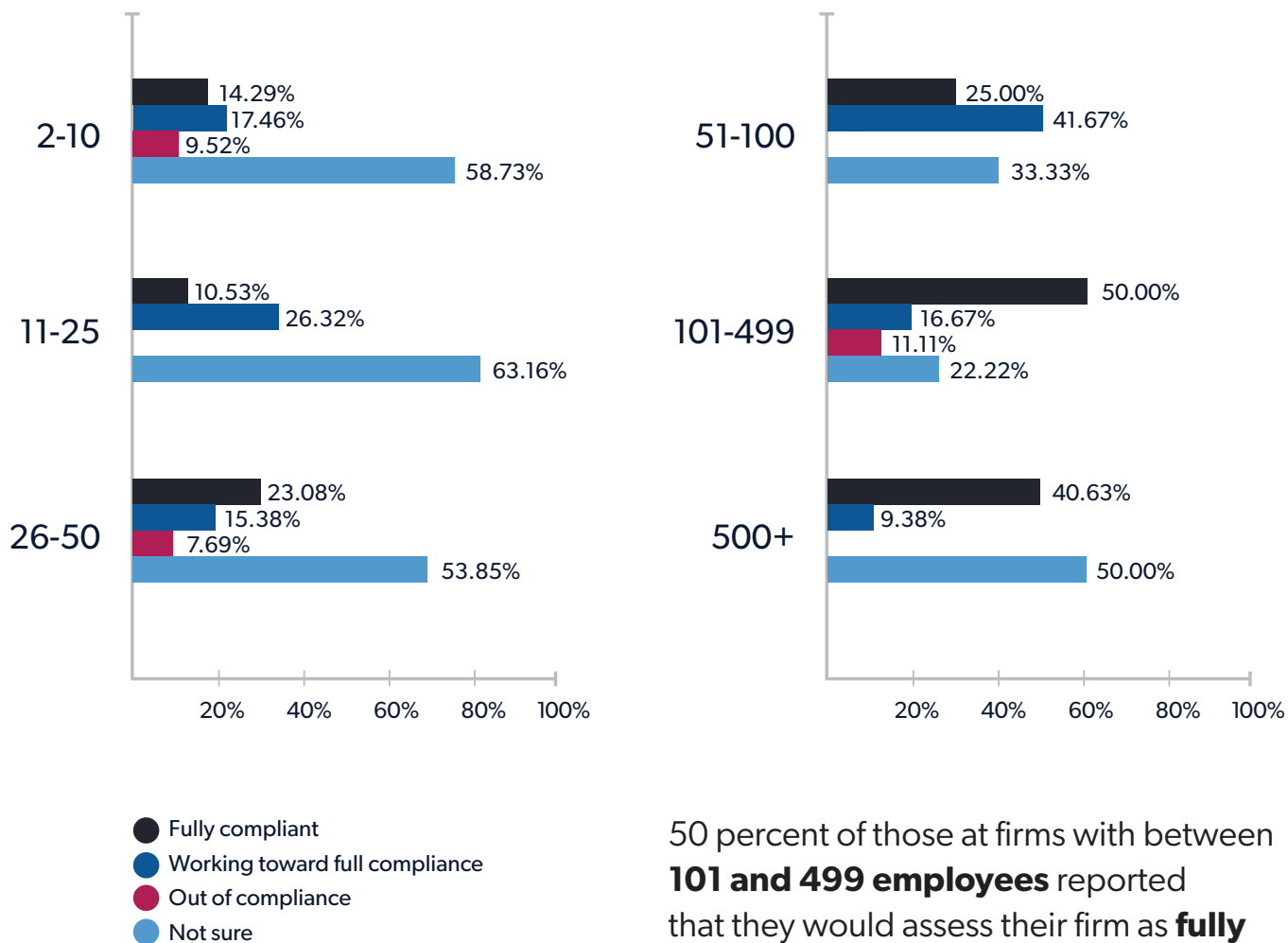
How would you assess your firm's success in complying with requirements of the CCPA and/or other applicable privacy laws and regulations?



Half of respondents said they were **not sure** how they would assess their firm's success in complying with requirements of the CCPA and/or other applicable privacy laws and regulations. The next largest cohort (25.16%) reported that their firms were fully compliant.

FINDINGS

By firm size

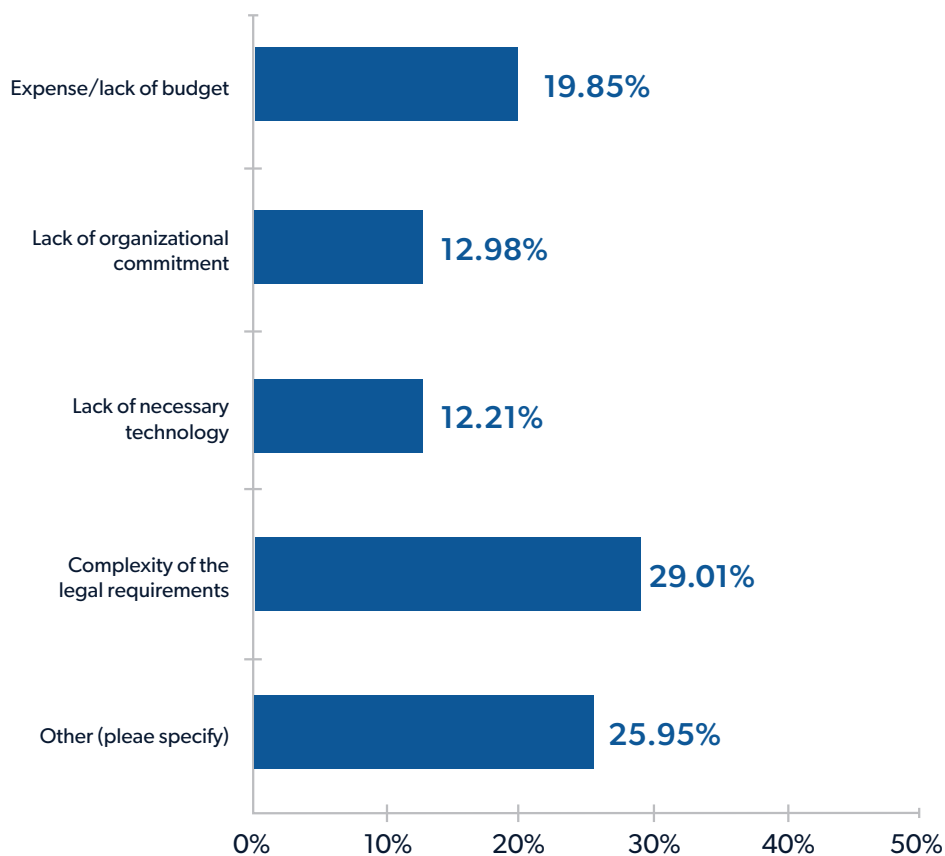


50 percent of those at firms with between **101 and 499 employees** reported that they would assess their firm as **fully compliant**.

In the **majority of firm size categories**, a strong plurality of respondents were **uncertain** about their firm's compliance status regarding CCPA.

FINDINGS

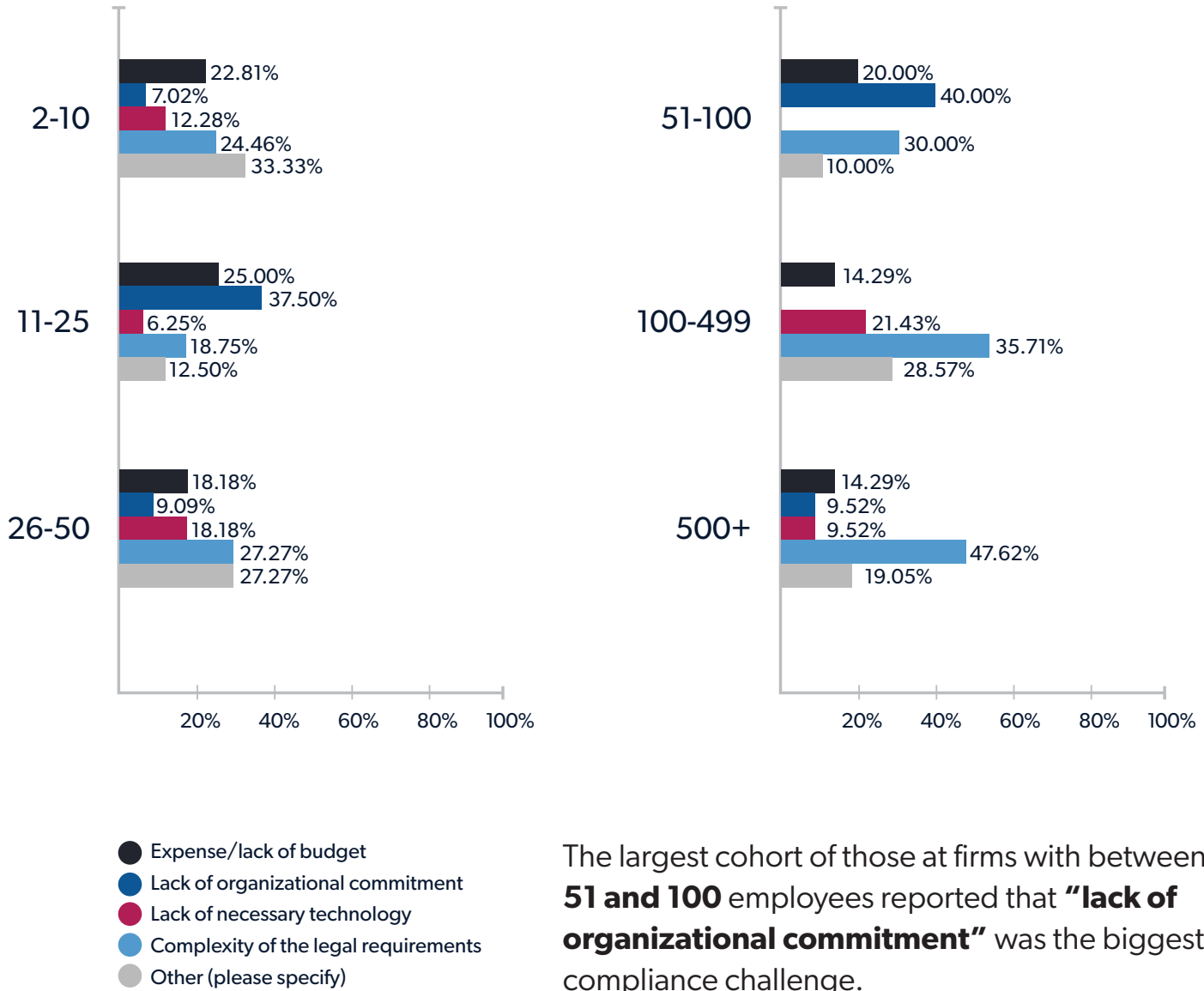
What do you perceive to be your firm's biggest challenge in efforts to comply with the CCPA and/or other applicable privacy laws and regulations?



Almost 30 percent of respondents reported that **complexity of the legal requirements** were their firm's biggest challenge in regards to compliance.

FINDINGS

By firm size

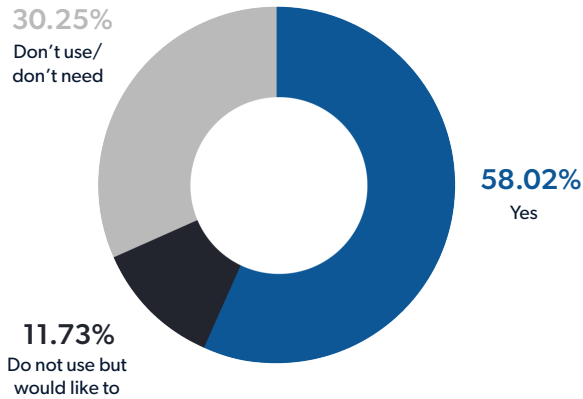


The largest cohort of those at firms with between **51 and 100** employees reported that **“lack of organizational commitment”** was the biggest compliance challenge.

Attorneys at the **two largest categories of firms** were most likely to cite **legal complexity** as the greatest challenge to CCPA compliance. Among the smaller categories of firms, respondents were more likely to cite lack of organizational commitment.

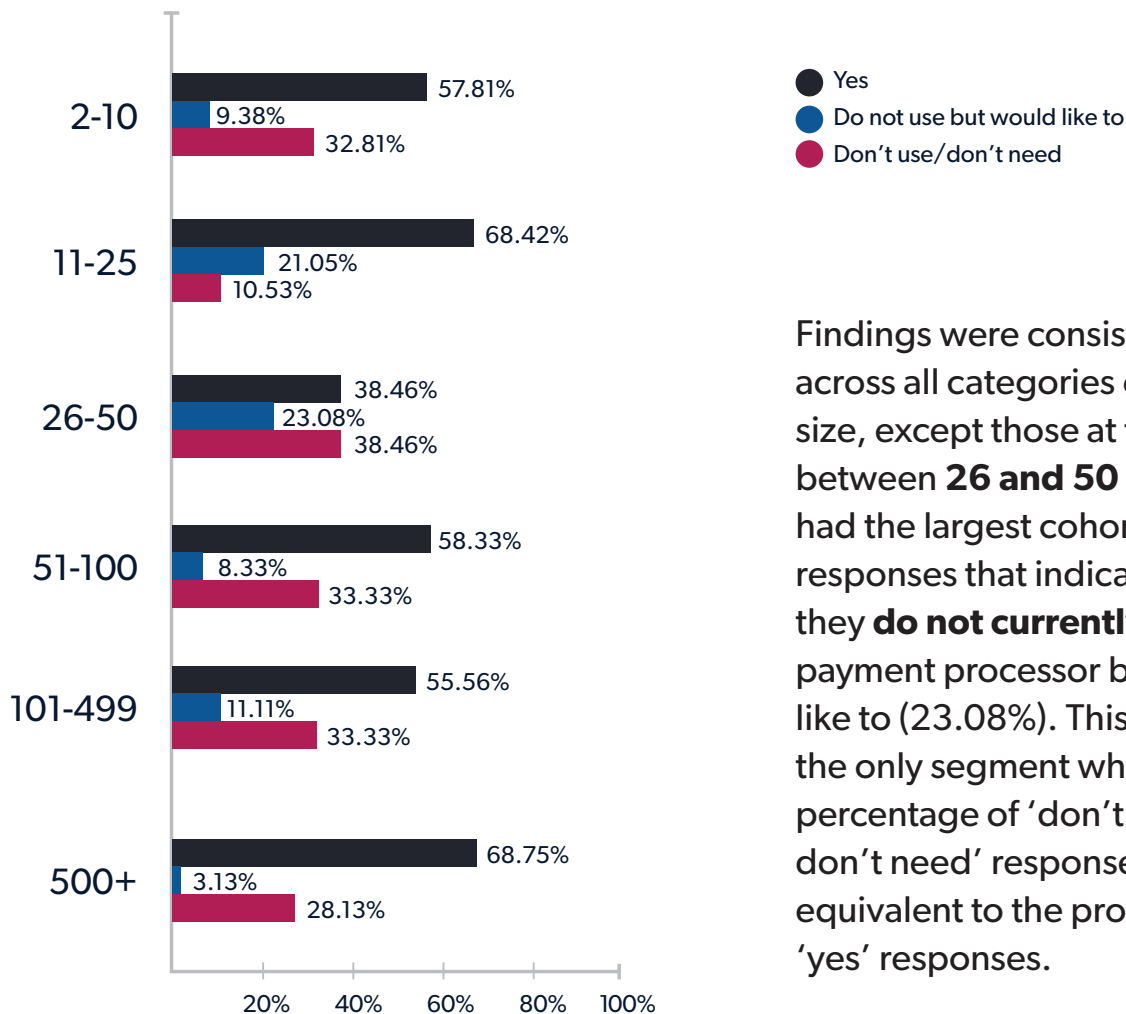
FINDINGS

Do you currently use an electronic payment processor?



Almost 60 percent of respondents reported that they **do** use an electronic payment processor.

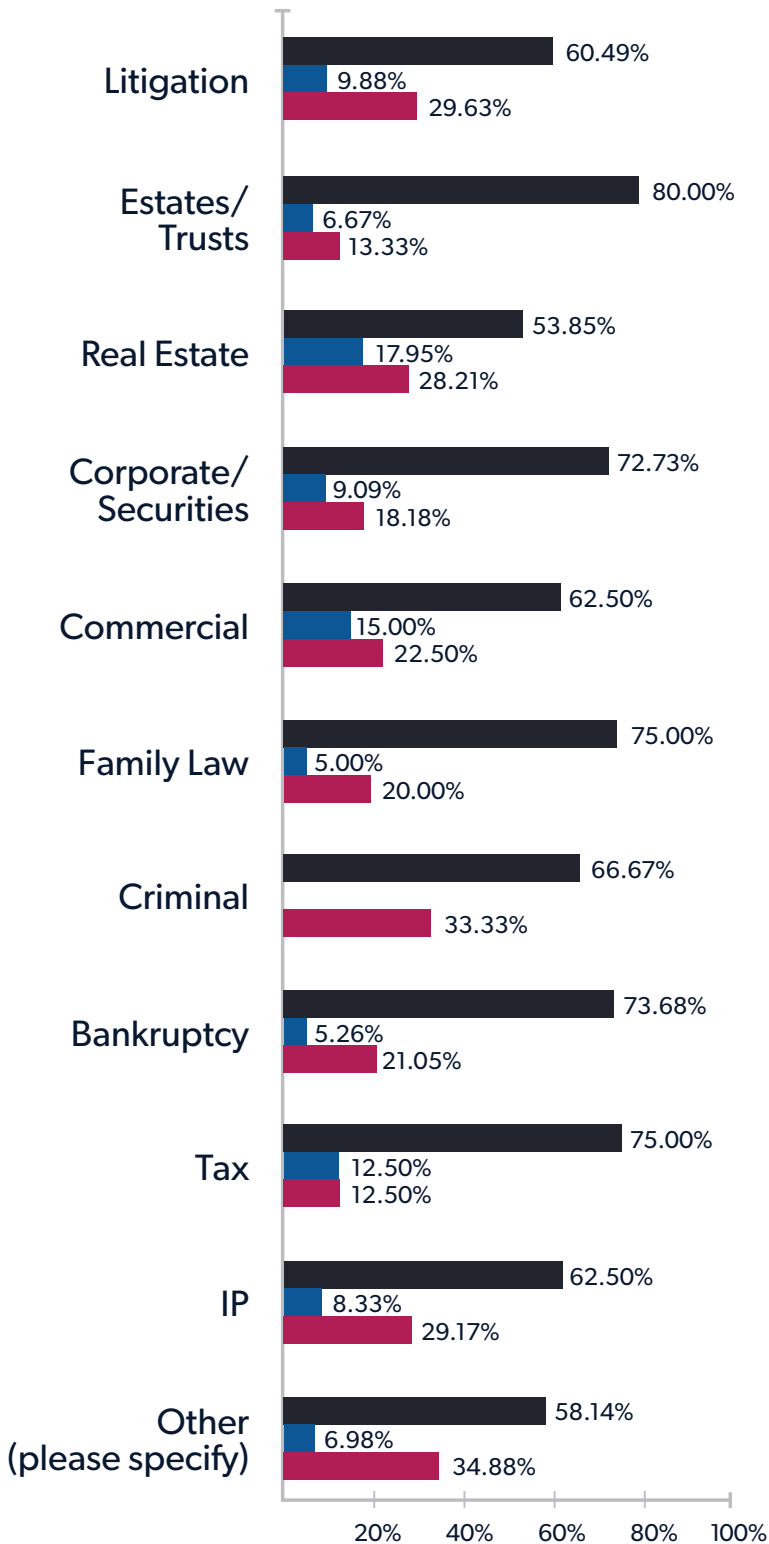
By firm size



Findings were consistent across all categories of firm size, except those at firms with between **26 and 50** employees had the largest cohort of responses that indicated they **do not currently** use a payment processor but would like to (23.08%). This was also the only segment where the percentage of 'don't use/don't need' responses were equivalent to the proportion of 'yes' responses.

FINDINGS

By practice area



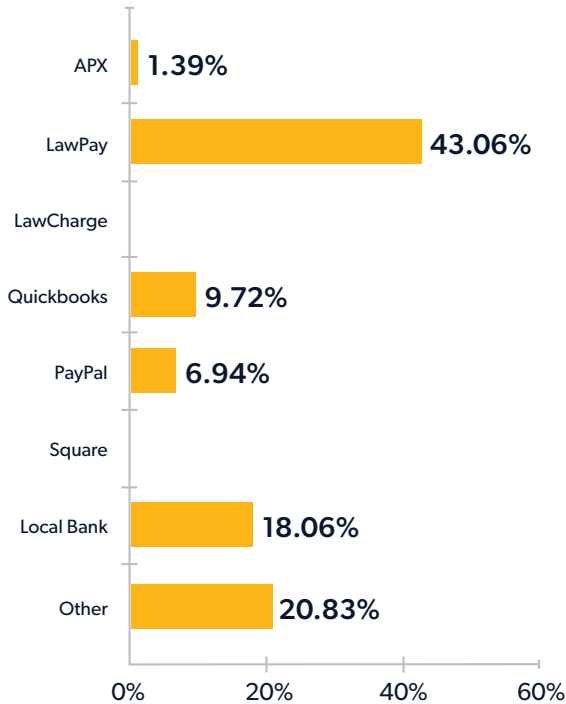
Those with **criminal** practice areas had the largest cohort of the defined practice areas that indicated **they do not use/do not need** a payment processor. Estates and trusts, followed by family and tax were the practice groups that showed the highest adoption rate of payment processors.

- Yes
- Do not use but would like to
- Don't use/don't need

FINDINGS

What payment processor do you currently use?

(Asked of those who responded "yes" to using an electronic payment processor)



The largest cohort of respondents (43.06%) reported that they use **LawPay** as their payment processor.

Other payment processors included:

Venmo

ProPay

Zelle

DTI

Chrome River

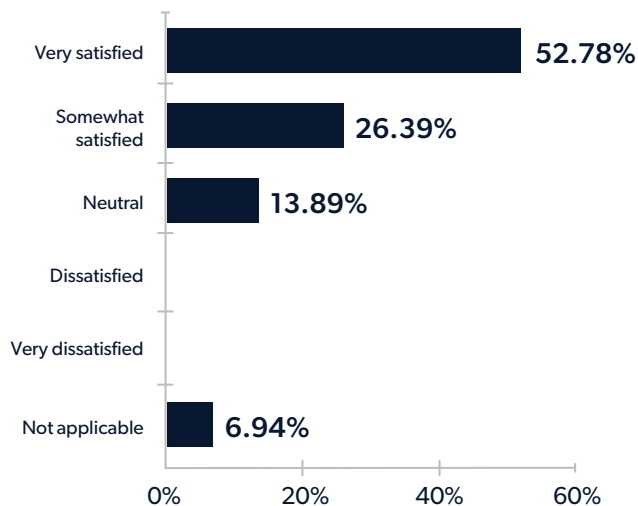
Blue pay

By firm size

80 percent of those at firms with 51-100 employees reported that they use local banks as their payment processor. Local banks were also reported as the payment processor of choice by those at firms with 101-499 employees (50%).

How satisfied are you with your current payment processor?

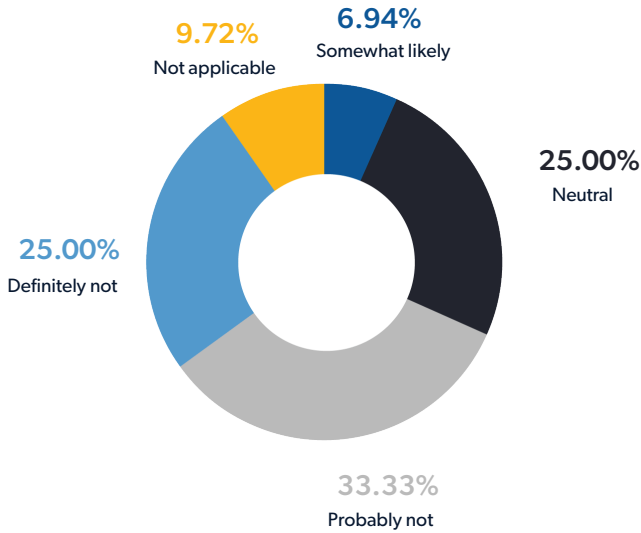
(Asked of those who responded "yes" to using an electronic payment processor)



Nearly 80 percent of respondents were either **very or somewhat satisfied** with their current payment processor. Notably, no respondents reported dissatisfaction of any kind with their payment processor.

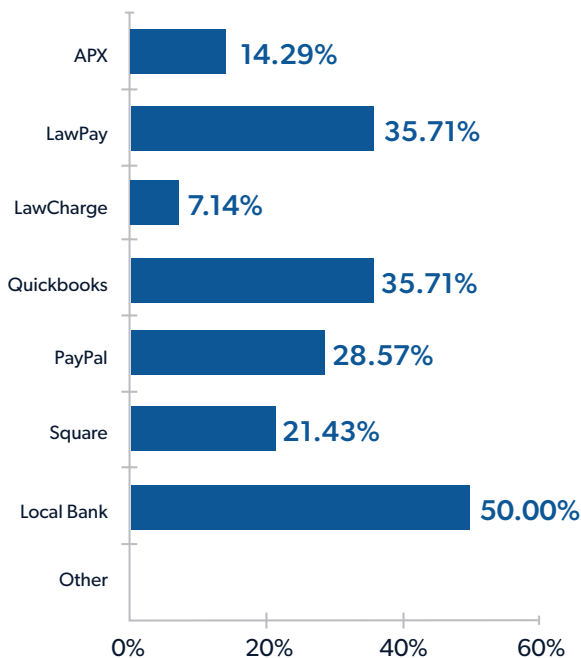
FINDINGS

How likely are you to switch your payment processor within the next year?
(Asked of those who responded "yes" to using an electronic payment processor)



The largest cohort of respondents - a third - reported that they would **probably not** be switching their payment processor within the next year. The next two largest cohorts, equal at 25% each, were **neutral** and **definitely not**. Under 7 percent of respondents reported any likelihood of switching their payment processor.

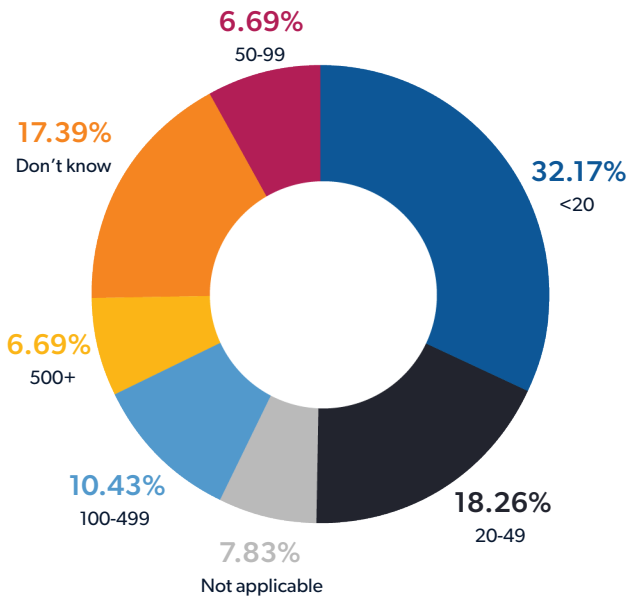
Which electronic payment processor options are you considering?
(multiple selections permitted) (Asked of those who said they do not use a payment processor but would like to)



Local banks (50%), Quickbooks (35.71%), and LawPay (35.71%) were identified as the top three electronic payment processor options under consideration by respondents.

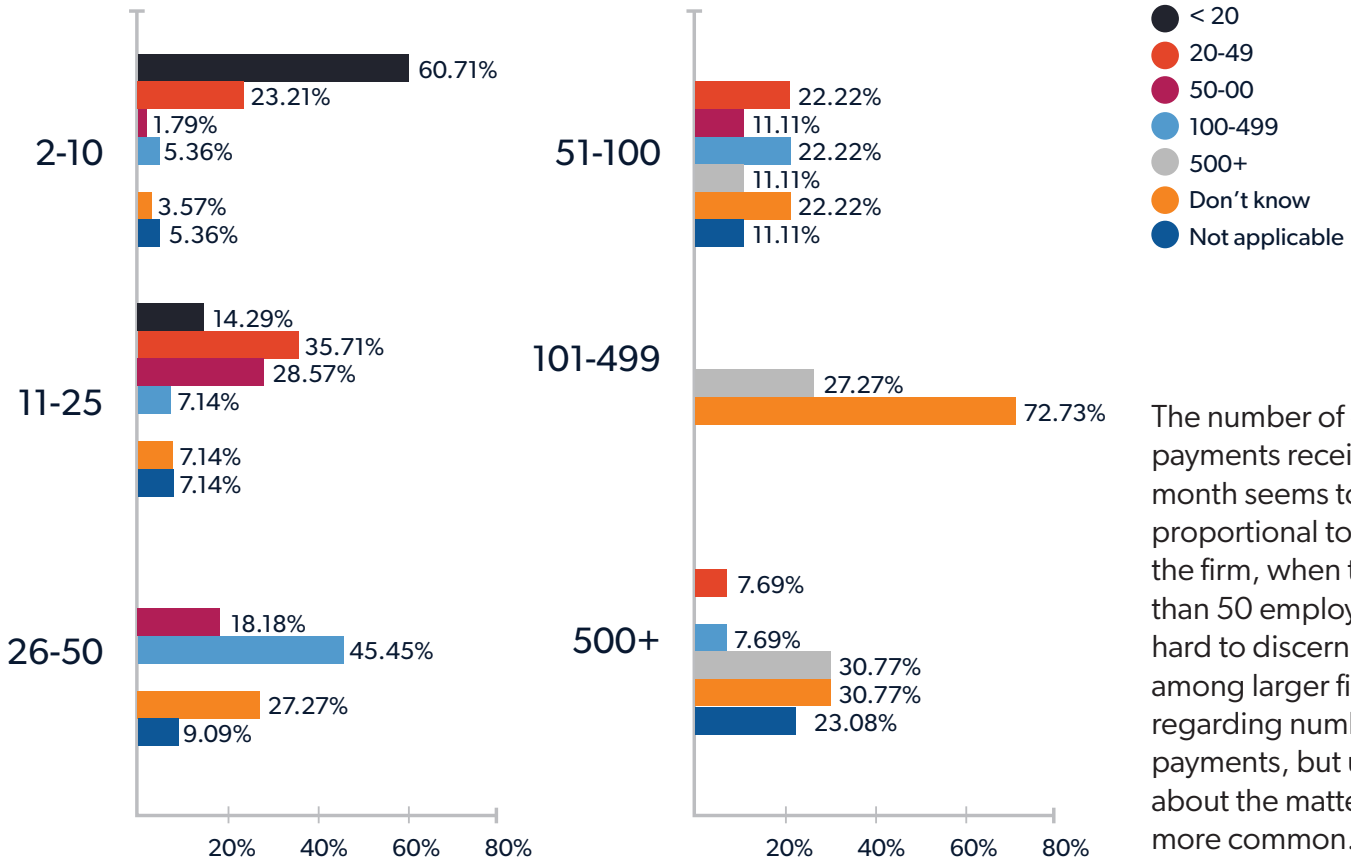
FINDINGS

How many client payments do you receive per month?



The largest cohort of respondents (32.17%) reported that they receive **less than 20** client payments per month.

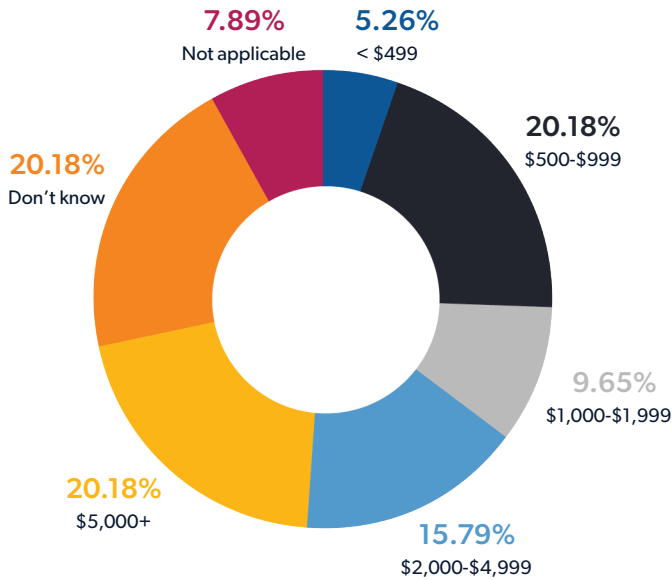
By firm size



The number of client payments received per month seems to be proportional to the size of the firm, when there are less than 50 employees. It was hard to discern a pattern among larger firm sizes regarding number of client payments, but uncertainty about the matter was much more common.

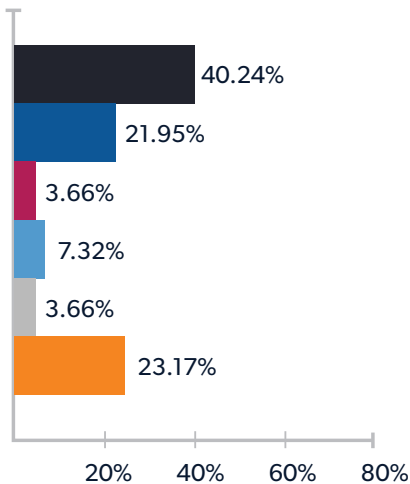
FINDINGS

What is your average transaction size?



The average transaction sizes were equally reported as being between **\$500-\$999** and **\$5000** , with another one-fifth reporting that they were unsure.

Rank the following aspects of payment processing in order of importance. (Percentages listed here indicate proportion of respondents identifying item as "highest importance")

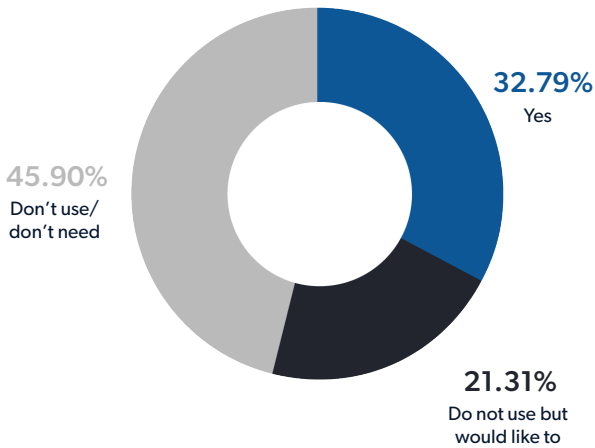


Pricing was identified as the most important aspect of payment processing (40.24%), followed by **convenience/mobility** (23.17%) and **data security** (21.95%).

- Pricing
- Data security
- Customer support
- Time commitment
- Contract requirement
- Convenience/Mobility

FINDINGS

Do you currently use a mobile app for legal case management?

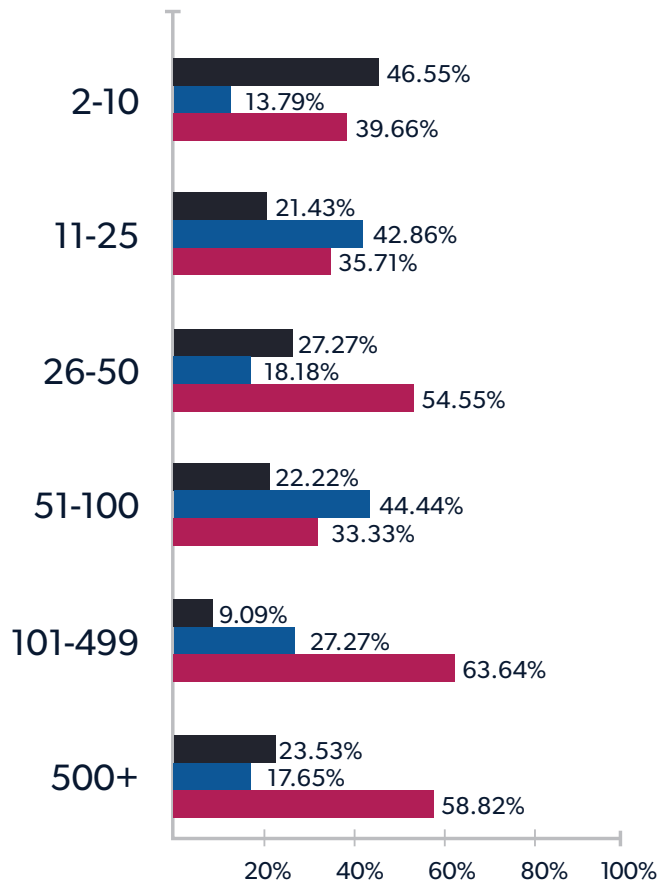


The largest cohort of respondents (45.90%) reported that they **don't use/don't need** a mobile app for legal case management.

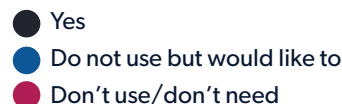
By practice area

Those in the IP (60%) and criminal practice (62.5%) areas were most likely to use/need a mobile app for legal case management.

By firm size



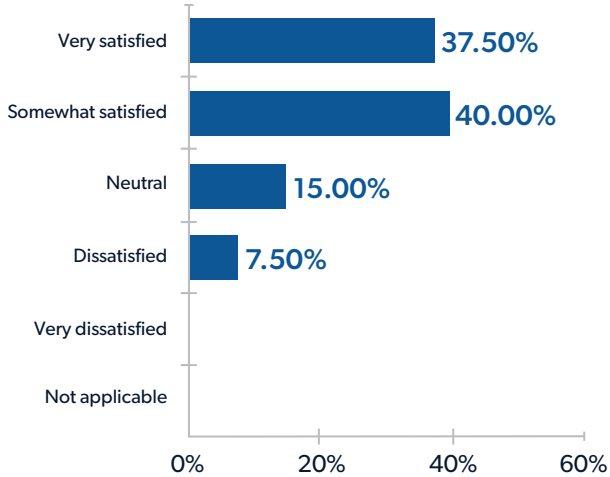
The **smallest** firms were **most likely** to use a **mobile app**. Those at firms with between 101 and 499 employees had the largest cohort of respondents that indicated they do not use/do not need a mobile app for legal case management (63.64%)



FINDINGS

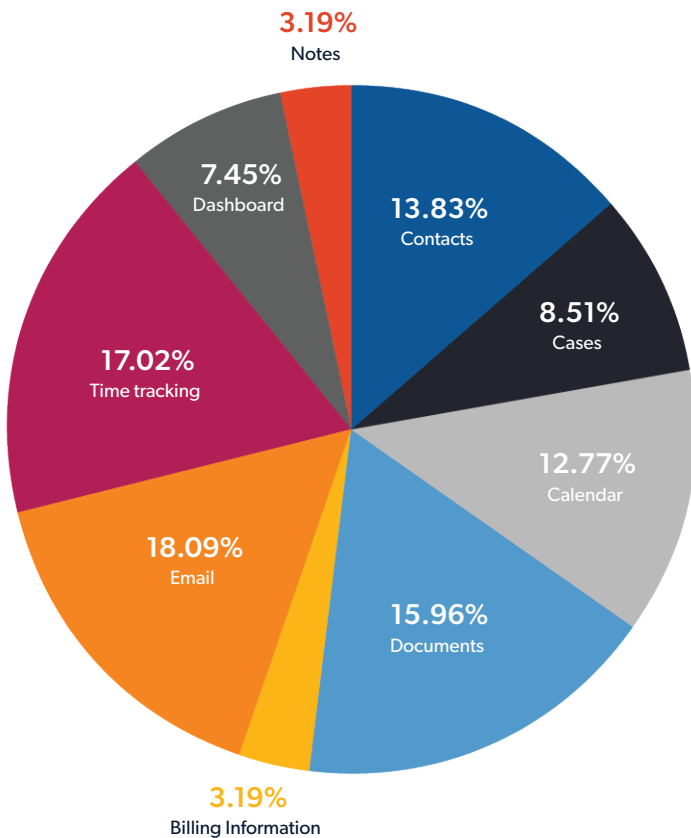
If so, how satisfied are you with the application?

(Asked of those who said they do use a mobile app for legal case management)



Almost 80 percent of respondents reported being either **somewhat** or **very satisfied** with their application. No respondents reported any level of dissatisfaction with their applications.

What functionality do you use most in your legal case management app?



The largest cohort of respondents (18.09%) reported that they use the **email** functionality most in their legal case management app, followed by time tracking (17.02%).