How to make technology central to your firm's strategy
By Tony Williams & Janet Day
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The development of technology in the delivery of a law firm's services will have a profound effect on the future size, design, profitability and structure of a law firm. As a result, firms need to understand the potential impact of technology on their business and ensure that their strategy properly anticipates and provides for the changes that it will cause.

echnology was, until recently, just part of the plumbing of law firms. It enabled effective document production, time recording, billing and collection and provided a level of financial information on the performance of various parts of the business.

But now, technology is starting to have a major impact on the delivery of legal services. Initially, it has been focused on the analysis of large amounts of data for discovery in litigation, investigations for regulatory compliance and due diligence in relation to corporate and property transactions.

In the next few years it will increasingly move up the 'food chain', with smart contracts and process management eating into areas traditionally reserved for lawyers. The ability to analyse extensive banks of data will enable lawyers to develop negotiating strategies for M&A and other transactions based on extensive analysis of what was or was not acceptable in previous transactions, thereby moving towards the quicker conclusion of an agreed deal. The development of analytics will enable the likelihood or otherwise of success in litigation to be more clearly defined at an early stage, thereby increasing the likelihood of early settlement.

The ability of lawyers to work remotely and flexibly and the effective use of lawyers to work when required (on a contract basis rather than as permanent full-time employees) may materially impact the number of full-time employees needed by a firm and the location and amount of office space necessary to house them.

The UK, largely due to the increased pressure from GCs to modernise service delivery, demonstrate real value and to provide predictable pricing, is at the forefront of the legal tech industry. Accordingly, UK-based law firms have the opportunity to lead this transformation and to achieve a competitive advantage over other countries while reinforcing the role of English law and English lawyers in a post-Brexit environment.

Law firms, when preparing any strategy, need to ask themselves the following questions:
- What impact is technology likely to have on each section of the firm in terms of the price, method of delivery and delivery model?
- How much money and time will the firm need to devote to the development and implementation of technology?
- How prepared is the firm to be an innovator in the use of technology or a follower as certain technologies become established?
- What size will the firm need to be to afford and effectively utilise new technologies?
- To what extent can lawyers and paralegals be used on demand rather than as a fixed cost (eg LOD for lawyers or F-Lex for paralegals)?
- Will the firm need to recruit other professionals such as project managers, process mappers, pricing experts and legal IT professionals to enable such change?

- What requirement will the firm have for trainees, junior lawyers and senior lawyers, how will they be trained, what will their career progression be and what level of attrition will be necessary or desirable?
- What does this mean for the partnership model? Are partners with real client relationship skills and business acumen undervalued while paper producers overvalued?
- Does the firm need outside capital to provide extra working capital and to facilitate a change to the structure and culture of the firm?

Technology during the next five to 10 years is likely to have a profound impact on a range of professional and administrative services. Law will not be immune from this change. Fortunately, change in legal services tends to be evolutionary rather than revolutionary so firms have time to adapt. Also, for many firms, law is still a very profitable business, so firms can afford to change but this profitability also presents a potential impediment to change.

Any firm undertaking a meaningful strategy review has to factor technological change into its thinking. This may require some hard decisions to be made about practice areas to invest in or even divest, and the future needs and skills required by the lawyers and partners of tomorrow. By starting to address issues now, a firm will be well placed to adjust before it is forced to do so. The status quo may feel comfortable, but it can be the most dangerous place in such a dynamic market.

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