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THE LEGAL TECH ISSUES MODERN LAW FIRMS FACE

(AND THE LEGAL TECH TOOLS THAT SOLVE THEM)



edilex

White
paper

Are you wary about implementing legal tech tools into your law firm or legal department?

You aren't alone. According to the UK's Solicitors Regulation Authority's (SRA) 2021 *Technology and Innovation in Legal Services* report, [36% of law firms are uncertain of the benefits that legal tech tools for law firms offer](#). In fact, 27% of the firms the report questioned don't see any benefit to using technology, with 31% saying that legal tech tools aren't a strategic priority.

This is a problem because it shows us that about a quarter of law firms aren't prepared for the modern era of legal work.

However, there are reasons why so many legal professionals are slow to adopt legal technology. According to the same SRA report, 44% of firms claim that regulatory uncertainty hampers their adoption of legal technology. And according to Oxford University, only [3% of lawyers have engaged in any software coding](#) between 2018 and 2021, which demonstrates a possible lack of expertise.

The message is clear:

Many law firms don't see the benefit of legal tech tools. The primary reasons for this appear to be that many legal professionals either don't have adequate training or are wary about issues related to these tools.

That isn't to say that legal departments are completely in the dark when it comes to the benefits of legal tech. According to Gartner, legal technology budgets in the United States are likely to [triple in size by 2025](#). These increased budgets come in the wake of a global pandemic that resulted in more remote work and a greater understanding of the importance of technology in the modern legal industry.

This all paints a confusing picture. On one hand, many firms and legal departments are clearly wary of introducing more tech into their systems. On the other hand, most firms recognize that investing in technology is crucial to their ability to thrive in the modern era.

Perhaps your firm or legal department is part of this group that feels uncertain about legal technology. If so, this whitepaper aims to help you develop a better understanding of what legal tech tools for law firms can offer to your business. We'll discuss the issues related to tech and general legal work that firms face in 2022. We'll also examine some current legal tech tools and tips for lawyers on how to use them.

The Challenges Modern Law Firms and Legal Departments Face

The legal sector has changed drastically since the turn of the millennium. Over the last two decades, we've experienced the rise of the internet and the many great web-based tools that make our professional lives more efficient. But with the constant development of the internet comes a range of challenges that didn't exist during the 20th century. All law firms and legal departments face these challenges today, with the key solutions generally being legal tech tools for lawyers that confront the issues directly.

Challenge No. 1 – Cybersecurity

Legal professionals handle sensitive data on a daily basis. Whether it's client details, private contract information, or the financial data collected from clients, this data is valuable to your firm.

Unfortunately, it's also valuable to hackers.

Law firms have been prime targets for cyberattacks for several years. The scale of this problem is demonstrated in PwC's 2021 *Facing the future with confidence* law firms survey. This survey quizzed the world's top 100 law firms on a range of issues, including cybersecurity. It found that **90% of firms are concerned about cyberattacks**. More worryingly, it also discovered that 31% of firms have no idea if they've been the victims of cyberattacks. Furthermore, a shocking 76% of the firms that experienced cyberattacks in 2021 revealed that those attacks occurred due to unintentional actions taken by their staff.

There are a few takeaways we can glean from these statistics.

Cybersecurity is clearly a problem that law firms take seriously. However, the ever-evolving nature of cyberattacks leaves many firms feeling uncertain about the actions they're taking to protect their data. The fact that almost a third of firms don't even know whether they experienced a cyberattack in 2021 speaks volumes about their level of unpreparedness. This tells us that the legal tech tools used by law firms to prevent digital intrusions are either not working properly or aren't fully understood by the people using them. Either way, it's clear that law firms are at risk and that risk is only going to intensify as we move further into the digital age.

Challenge No. 2 – Document Management

Many lawyers may feel like they've hit information overload in the 21st century. The sheer number of documents that cycle through the average firm is staggering. What's more, that number is growing year by year.

Interestingly, we can see just how much of a challenge document management has become by looking back at statistics published in 2015. In that year, legal tech tools company MetaJure conducted an analysis of the number of documents the average lawyer handles each year. It started by examining the figures from 2013 and found that lawyers **handled approximately 18,000 documents annually.**

That's already a huge number.

Then, the firm analyzed document handling in 2015. It found that the average lawyer handled 70 documents per day, which included everything from emails, contracts, and spreadsheets to client records and opposing counsel records. Taken over the course of an entire year, that 70 documents per day worked out to 26,000 documents per year.

In just two years, lawyers had found themselves handling 8,000 more documents per year. And as we move deeper into the 21st century, that number is only going to keep increasing.

The sheer volume of documentation law firms and legal departments work through means that document management processes have become a priority. Unfortunately, volume isn't the only challenge that firms face in this area. As firms move to get on top of the volume issue, they're finding that accurate data capture is becoming an increasing problem. Manual data entry is subject to human error, which is compounded when legal professionals are having to work with so many documents. The simple point here is that more documents lead to more work, which increases the risk of errors occurring.

Transparency is also a major challenge in document management. Clients expect complete transparency from their legal representatives. Trust has to exist for a lawyer and a client to work together effectively. But transparency is difficult to maintain when firms and legal departments are so bogged down in manual document management work. All of the time spent on documents is time that a lawyer doesn't spend communicating with their clients. That lack of communication can lead to the breakdown of relationships, resulting in firms losing valued clients.

Finally, high volumes of documentation don't only create productivity issues. It also creates cost issues, especially for firms operating on a paper-based system. Firms must retain copies of most of the documents they receive or create. Think about what this means from a storage perspective. Imagine you have a small firm with 10 lawyers. Using the figures from 2015, we know that each lawyer works with 26,000 documents per year. Across 10 lawyers, that's 260,000 documents annually and growing. A primarily paper-based firm could easily have to store millions of documents, in addition to paying for all of the paper needed to make copies or create those documents.

Document management is clearly a major challenge in the modern legal profession. Increasing volumes, failure to move away from manual processes, and

the sheer costs involved combine to create inefficient systems and lawyers spending more time buried in paperwork and less time working with clients.

Challenge No. 3 – Technology Integration

The coronavirus pandemic changed how law firms and legal departments work. Firms that hadn't yet embraced legal tech tools were forced to adapt as remote work and teleconferencing became more common. Those firms that already had legal tech tools in place didn't have an easy ride either. In fact, many discovered that their existing tools didn't integrate with the new tools clients expected them to use.

Take Zoom as an interesting use case.

In 2019, Zoom hosted approximately 10 million daily meetings. Then, the pandemic hit and Zoom became one of the go-to videoconferencing solutions. The platform exploded in popularity to the point where it hosted **300 million meetings per day in 2020**. In the third quarter of 2021 alone, 20.93 million people downloaded Zoom in North and Latin America.

That's all great news for Zoom. But what does it mean for legal professionals? Your firm may have already had videoconferencing software that it used when speaking to clients remotely. However, the rise of Zoom and similar platforms changed client expectations. Most had access to Zoom for work or personal purposes. As such, they expected law firms to offer Zoom meetings so they didn't have to deal with the hassle of installing new software.

This created an integration problem for firms that didn't use Zoom already. Even those that used legal tech tools for law firms found that they needed to move to new platforms to provide the level of service their clients expected. This example is a microcosm of a larger issue. As new legal tech tools become available, firms often find that their existing tools don't integrate with the tools they need to implement. The result is a haphazard joining of new and legacy systems that make it harder to meet client expectations and creates productivity issues within firms and legal departments.

Challenge No. 4 – Remote Work

We briefly touched on the issue of remote work and how the pandemic led to many more lawyers working from home in 2020 and 2021. With vaccination rollouts and appropriate measures in place, many law firms and legal departments now want to bring people back into the office in 2022 and beyond.

That's going to be a challenge.

The data suggests that many legal professionals relish the opportunity to work remotely. At the beginning of the pandemic, LOED Leadership, which is a legal

industry training company, published a report titled *The Legal Industry's Handling of the Disruption Caused by COVID-19*. It surveyed legal professionals from 25 firms to discover the impact of the pandemic. Unsurprisingly, the report honed in on the work-from-home issue.

It discovered that **67% of lawyers and legal staff** wanted to retain the option to work from home, even when it became safe to return to the office again. This isn't the only survey that shows a preference for working from home. In April 2022, The Law Society Gazette reported on a similar survey that questioned 350 legal professionals from UK and U.S.-based firms. Despite two years having passed since the LOEB Leadership survey, the number of lawyers who wanted a permanent work-from-home policy stayed about the same. The survey found that **66% of lawyers wanted the option to work from home**. Despite this, 57% of UK respondents and 44% of those based in the U.S. reported they were already back in the office.

We see a conflict here.

Many law firms and legal departments want their staff to come back to the office. However, the majority of legal professionals want to be able to work from home. It also doesn't appear that this desire to work remotely is abating as we emerge from the pandemic. As such, firms will likely have to adjust to an increasingly remote world as we move deeper into the 21st century.

Beyond the challenge of conflicting desires, the work-from-home issue presents other problems. To facilitate remote work, law firms need to use legal tech tools that allow team members to communicate with each other and clients. They may also need productivity legal tech tools for lawyers to ensure employees stay on top of their work while at home. Plus, they'll need document management tools that allow employees to access important paperwork no matter where they are.

The work-from-home issue is more complex than it appears. Law firms can't simply allow all employees to work remotely. They need to create a technological infrastructure that allows employees to work from home without affecting productivity and client relationships.

Challenge No. 5 – Meeting Client Expectations

In the Zoom example presented previously, we mentioned that meeting client expectations is a priority for law firms. Zoom isn't an isolated incident here. We live in an increasingly digitized world. Clients expect to be able to access legal services in ways that are convenient to them. The only way to ensure that is to provide more digital services that align with the expectations of modern clients.

The scale of this challenge shouldn't be underestimated. Interestingly, we can

examine statistics produced by dropshipping specialists Oberlo to see the scale of this issue. In 2021, the e-commerce company created an article for online marketers that revealed some interesting insights into internet usage.

Its research found that there are [4.66 billion people who have internet access](#). The average person spends about seven hours per day online, with two hours and 22 minutes of that time being spent on social media.

You may wonder how these statistics affect law firms and legal departments. After all, you don't sell products online. However, you do have an online presence. Even something as simple as your company website needs to be a portal through which your clients can access your services. With internet usage being so prevalent in modern society, law firms can't afford not to take advantage of legal tech tools that help them use the internet to reach customers.

Granted, you're not selling physical products like an e-commerce website. But you are selling your company. Every interaction you have with a client online plays a role in determining whether that client selects your firm. Furthermore, being able to offer online services, such as videoconferencing, online payments, and safe digital document transfer, improves convenience.

Convenience is a key issue in the digital age.

In its *2015 What Clients Want* report, Thomson Reuters asked survey respondents about the factors that influence their decision to work with a legal services provider. Though the majority cited the scale of their legal challenge and confidence in the provider's accuracy as major factors, [13% stated that convenience plays a key role](#). A further 10% stated that low cost was their primary deciding factor. This shows that a large number of your clients expect easy access to low-cost and convenient services. Failure to align your offering to those expectations could result in clients seeking alternative providers.

To sum up, your clients expect your law firm to leverage legal tech tools to offer convenient online services. If you're not doing that, your firm isn't meeting client expectations. This leads to unhappy existing clients and loss of revenue.

Challenge No. 6 – Data Usage and Analytics

In 2020, the average person created [1.7 megabytes of data every single second](#). That amounts to approximately 1.145 trillion megabytes of data generated every single day.

That is a lot of data.

Of course, your law firm isn't processing anywhere near that amount of data each day. We share those figures to demonstrate just how important data

generation is in the 21st century. Every one of your clients generates data that your law firm could use to improve its services and drive revenue growth.

For example, allow us to pose some questions:

- How much does your firm spend on marketing and what is the ROI of each campaign?
- How much does your firm spend to acquire a client?
- What does the average client spend with your firm?
- Are your clients happy with the services you provide?
- Which demographics do your services appeal to?
- How many billable hours does your firm charge?
- What is each of your lawyer's utilization rates?

These are all questions that firms can answer if they have access to the appropriate data. But with such huge volumes of data being generated daily, many firms won't be able to answer these questions without the relevant legal tech tools in place.

The point we're making is that we're living in an increasingly data-driven world. Some claim that the sheer volume of data people generate may spur the [**"Fourth Industrial Revolution."**](#) Getting a handle on the data that your firm creates and, more importantly, understanding how to leverage that data is crucial. Unfortunately, the many firms that are slow to adopt legal tech tools may miss out on the data revolution. The reason being that they don't have what they need to process the information they receive.

Here's a simple test.

Can your firm or legal department answer the questions posed above? If it doesn't have reports in place giving answers to these simple questions, you're likely spending more on marketing than you need to while missing out on additional revenue you could generate from new and existing clients. Failing to adapt to a data-driven world could lead to more traditional firms getting left behind.

The Solutions to These Challenges

It would be easy for us to state that legal tech tools for law firms can solve all of these challenges. While technically true, that answer doesn't satisfy those who are wary of implementing legal tech tools. It also doesn't provide insight into the legal tech tools and tips for lawyers that offer the best solutions to the problems examined in this whitepaper.

We need to get more detailed.

The following tech tools help law firms and legal departments confront many of the challenges created by the digital age.

Legal Technology No. 1 - Remote Technologies

Beginning with technologies that many firms have already experimented with, there is a glut of options related to remote work that your firm could implement.

In terms of client meetings, platforms like Zoom and Skype enable you to hold discussions with clients and team members relating to cases. These video conferencing platforms provide a perfect middle-ground between face-to-face meetings and telephone consultations. They also feature document transferring facilities, which allow users to send computer files back and forth during discussions. Implementing these technologies full-time solves the challenge related to the increasing desire for remote solutions. Clients will feel happier because they have the option of engaging with more convenient tools rather than traveling to a law firm. What's more, the many lawyers who prefer to work in a hybrid or remote working environment have the facilities to do so when firms adopt these technologies.

Remote technologies go further than video conferencing.

They include collaborative project management platforms, such as Slack. These platforms enable attorneys to communicate and share documents easily. Many also leverage cloud-based technologies, allowing them to act as central stores for important documents. Combining project management technology with video conferencing allows for the creation of work-from-home environments while cutting down on physical paperwork.

Even something as simple as e-sign documents for clients fits into the remote technologies category. Being able to e-sign means clients don't need to travel to your firm's offices to complete paperwork. Even in cases where the signed paperwork can be mailed in, e-signing enables faster receipt and cuts down on the physical paperwork your firm has to manage.

Legal Technology No. 2 – Online Payment Processing

Online payment processing technology is not new. Services like PayPal and Stripe have existed for many years, as have general abilities to accept payments via card using a website. The key challenge many legal firms face when implementing these technologies lies in integrating them with their other systems. For example, payments made using PayPal need to integrate with the accounting department's invoicing software to ensure there are no errors.

To mitigate this challenge, several software developers have produced payment platforms focused specifically on the legal sector. Legl is a good example. This online payment solution allows your clients to pay for services using a mobile app. The client receives an invoice via the app and uses one of several payment methods to pay their fees. The law firm issuing the invoice receives the payment, as well as confirmation of the paid invoice for its records.

Solution No. 1 – Document Management Software

Document management is a key issue because of the storage costs, productivity issues, and sheer volume of documents the average law firm works with. Automated document management software solves many of these problems.

This type of software allows law firms to automatically generate common documents, in addition to providing the necessary tools to send those documents to clients. More advanced software packages integrate with customer relationship management (CRM) platforms to automatically fill documents with client data. These functions alone help to solve many productivity issues by reducing the amount of time legal professionals spend on creating paperwork. Document management software also helps firms make better and more accurate use of the client data they generate.

However, these benefits only scratch the surface of what this solution offers.

For example, we discussed the desire to work from home that the majority of legal professionals share. To make that a possibility, firms need technology that allows easy sharing and editing of documents online. Document management software provides these legal tech tools by leveraging cloud-based technology to enable access on multiple devices. Furthermore, it allows users to set access privileges so only people who have permission can access private documents. The result is a document management system that is more secure, thus reducing the risk of cybercrime, and accessible anywhere that has an internet connection.

Other benefits relate to workflow. According to workflow automation company Nintex's *Definitive Guide to America's Most Broken Processes* report, **49% of people say they struggle to find documents**. To compound this issue, 43% of respondents state they struggle to share documents. Simply put, poor document management creates workflow roadblocks that decrease productivity. With document management software, your law firm or legal department can

store all documents virtually in a central location while creating file structures that make access easier.

Speaking of storing documents, let's return to the issue of physical storage costs.

Off-site document storage provider Record Nation produced some interesting statistics related to physical documents in a 2019 article. It found that the average cost of **5,000 sheets of paper was \$40**. It also found that the average office worker in the United States handles 10,000 sheets of paper per year, creating a per-person cost of \$80 per year. For the record, there are 5,000 sheets to a standard box of paper.

Digging deeper, Record Nation noted that the average five-drawer filing cabinet can hold 8.3 paper boxes and takes up about seven square feet. Each cabinet comes at a cost of \$350. Now, let's refer these figures to the 26,000 documents per year that lawyers managed in 2015. Storing 26,000 documents takes up more than half of a standard filing cabinet. If you have 10 employees, you'll need 11 \$350 filing cabinets to store all of the documents your firm generates, creating an annual cost of \$3,850 on top of the money you're spending on paper. Imagine how much more large firms with hundreds of employees spend.

The takeaway here is that physical document storage costs thousands of dollars. With document management software, your firm can store the majority of its legal documents digitally, reducing physical storage costs drastically. The result is a low-cost storage option that improves productivity and workflows to create a more efficient legal department.

Solution No. 2 – Password Management Platforms

When discussing cybersecurity earlier in the report, we pointed out that 76% of firms that experience a cyberattack did so due to employee error. Poor password management is often the culprit in these situations. A hacker only needs access to one employee's password to get their hands on sensitive information.

The challenge today is that people have to use passwords for many online accounts. It's only natural that they will use the same password across multiple services. This makes it easier for hackers to gain access. They only need to discover the password used for one service to potentially breach everything the user signs up for.

Password management systems make it easier for legal professionals to keep track of their passwords. These platforms enable users to store passwords securely and often provide ratings detailing the strength of a user's chosen passwords. More advanced versions of these platforms can also track compro-

mised passwords, leading to them sending alerts whenever a user's password falls into the hands of a malicious party.

These systems aren't perfect solutions. If an employee shares their password or writes it physically where somebody can see it, password management software won't be able to tell you the password is compromised. But when combined with appropriate cybersecurity training, password management platforms create more secure work environments.

Solution No. 3 - Machine Learning and Artificial Intelligence

Artificial intelligence (AI) and machine learning are already used in many of the legal tech tools available to lawyers. Take the previously discussed document management platforms as an example. They often leverage AI to automatically generate and fill out reports and contracts.

However, the potential of these technologies stretches much further.

With data volume being such a crucial challenge for legal professionals, law firms have to move away from the manual data tracking processes they previously used. Instead, they must automate report generation and data analysis. AI and machine learning provide legal tech tools for law firms that solve the data volume problem.

Law firms can use AI in several ways.

The technology allows for the creation of predictive modeling that demonstrates the potential future for the firm based on the available data. It also allows firms to easily parse through and extract key data. Other AI-based technologies include natural language processing, which allows firms to spot errors and anomalies in addition to coming up with solutions. AI is crucial for automating manual tasks too, such as document creation, to improve productivity.

Confusion over the role of AI in the legal sector is the biggest barrier to its implementation. Many people naturally believe that AI could replace them and the services they provide. That isn't the case. AI is used as part of several legal tech tools designed to make people more efficient. In the legal sector, that increased efficiency means that lawyers can spend more time working with or sourcing clients while relying on AI to handle time-consuming manual processes.

Take intelligent chatbots as another example. These clever tools can hold human-like conversations with clients while drawing from a database of answers. They're also capable of learning from the conversations they have, allowing them to highlight common questions and issues. In the legal sector, this technology is increasingly used in the creation of virtual legal assistants (VLAs). As a specific type of chatbot, VLAs can address many of the legal claims

made within large corporations, again reducing the manual workload placed on internal legal departments.

Solution No. 4 – Digital Identity Management

Your legal department has generated a document that a client needs to sign. Traditionally, you have two options. Either the client comes into your office to sign the document or you send it via post for them to sign and return. Neither is a convenient option, with the latter responsible for security risks if the document gets lost during transit. Still, your firm needs the signature to verify the identity of the client.

Happily, you don't have to sacrifice convenience or security when confirming client identities anymore. Digital identity management tools allow your legal professionals and their clients to sign documents digitally. Of course, many firms already leverage this technology in the form of digital signatures for documents. CLOC's *2021 State of the Industry* report tells us that [**87% of legal firms use digital signatures.**](#)

But the technology is becoming more advanced.

A digital signature can still be forged or stolen. That's much less the case for biometric data. Biometrics are bodily aspects of a person that are unique to them, such as their fingerprint or iris. Modern digital identity management tools can use biometrics as completely unique signatures. By adopting these legal tech tools you still provide the convenience that digital signatures offer while also improving the security surrounding digital identity management.

Solution No. 5 – Managed Cloud Environments

Managed cloud services provide solutions to several of the problems cited in this article. They allow for data migration into a central location, which helps to solve integration problems. Managed cloud environments also offer remote access to documents and resources, as we see with document management systems.

The cloud could be seen as a catch-all solution for many legal industry challenges. Many legal tech tools for lawyers leverage cloud-based technology to provide services and enable firms to work more efficiently.

It's impossible to discuss all of the cloud-based legal tech tools in this whitepaper. Instead, focus on the benefits that creating a cloud-based environment creates. Setting up systems via the cloud requires far less capital investment than creating physical systems. For example, in-house servers come at an upfront cost and require regular maintenance. The cloud eliminates these problems by providing virtual servers that you don't need to oversee yourself. Furthermore, cloud services are usually scalable. If a law firm takes on more

clients, it can increase its usage of relevant services. Conversely, a firm that shrinks in size can reduce the level of cloud-based services it uses, with costs falling alongside that reduction.

Cloud-based software also allows for greater integration of the many applications law firms already use. Many case management and time recording platforms integrate easily with cloud-based technologies like Microsoft Teams. This allows the seamless use of data and reports within communication platforms, thus improving productivity.

Remote work is also made possible via the cloud as it provides a more agile work environment. Cloud-based services are accessible on multiple devices and can be used anywhere that has an internet connection. As more legal professionals express their desire to work remotely, the cloud will become a vital part of modern law firms and legal departments.

The cloud is already used in a huge number of legal tech tools. But as we move deeper into the digital age, it will be vital to nearly all legal tech tools used by law firms.

The Edilex Solution

It's clear that modern legal tech tools must confront a range of problems. They have to align your services with your clients' expectations, provide secure ways to work, enhance collaborative efforts, and automate manual processes to improve efficiency.

Edilex can help with many of these challenges.

Edilex is a document management and creation platform designed by legal professionals for legal professionals. The platform hosts over 200 legal document templates ranging from contacts and litigation resolution documents to internal memos. It allows your legal team to easily draft and alter documents automatically, which decreases manual workloads and minimizes the possibility of errors occurring. As the platform is overseen by legal experts, you can trust Edilex to stay up-to-date. When new regulations are put into place, the Edilex team adapts its templates to ensure your firm complies with changing rules.

Edilex also enables better document management. Users can set permissions for any documents they create, ensuring that only the relevant people can see potentially sensitive information. The platform allows users to link documents, track edits, and work from a single document, which reduces reworking and document replication issues.

Use Legal Tech Tools to Confront Modern Challenges

There is no escaping the fact that the legal industry is evolving. Firms generate more data than ever before. They face unprecedented risks on the cyber level and must find ways to increase productivity in an industry that is getting increasingly bogged down with information.

Legal tech tools for law firms can help to solve many of the problems modern firms face. The selection of legal tech tools discussed in this whitepaper is a sample of what's available to your organization. To leverage these legal tech tools, your firm must first overcome the conservative approach it may have taken to legal technology. Artificial intelligence, machine learning, and automated platforms don't exist to take jobs away from legal professionals. They exist to improve workflows, make you more efficient, and allow you to spend more time working directly with clients.

That's where Edilex comes in.

Our document management software confronts many of the challenges discussed in this whitepaper. It provides you with a secure digital system that confronts modern cybersecurity challenges. Edilex also enhances collaboration and provides the tools needed for lawyers to work remotely. Furthermore, automating the creation of commonly-used documents via Edilex saves your firm enormous amounts of time while reducing the cost of physical document management.

Would you like to learn more about what Edilex can do for your law firm or legal department?

[Visit our website](#) today to discover why Edilex is one of the legal tech tools you need to implement. Our helpful team is always available to answer any questions you have about the platform and how it works.



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