

Profitability No Longer Top Priority For Law Firm Tech

By **Steven Lerner**

Law360 (September 9, 2022, 3:23 PM EDT) -- As more law firms adopt technology, some law firm leaders are looking beyond profitability as the main metric for measuring these implementations.

Instead, firms are now focusing on ensuring that technology helps attorneys serve their clients in distinctive ways.

Nolan W. Kurtz, the chief operating officer at Buchanan Ingersoll & Rooney PC, told Law360 Pulse that achieving client value is more important than chasing profits through technology.

"We are able to deliver them something tomorrow that we couldn't today because we are utilizing better technology to service them," Kurtz said.

Kurtz said that today's general counsels want to work with a law firm that can serve as a trusted adviser over time by unlocking insights about legal outcomes.

For example, Buchanan Ingersoll used technology to provide a client who was selling health care-related facilities with empirical claims and case resolution data, in order to identify key drivers affecting outcomes. Buchanan Ingersoll also compared the case data across the client's facilities, which resulted in possible ways to mitigate risk.

It took Buchanan Ingersoll about three weeks to develop the tool to mine and visualize the data. Kurtz said that a more traditional approach would have been more people-intensive and taken longer.

"We took a lot of the information and data that we had available and analyzed it," Kurtz said. "That helps mitigate risks."

While profitability should be factored in when making technology improvements, Kurtz said that focusing just on profitability can be a "bit of a misnomer."

Driving the Change

Kurtz said the change is a result of the rise of technologies such as data analytics.

Law firms are now prioritizing the need to provide distinctive and proprietary insights to clients to

differentiate themselves from competitors, according to Bobbi Basile, a managing director at HBR Consulting.

"Having something unique and different to say and to demonstrate their expertise with empirical information and data in the pitch process has become a key driver," Basile told Law360 Pulse.

Profitability as a driver for tech adoption has slid down the list of priorities for law firms in the last 18 months, she said. This coincides with a talent retention trend, particularly among law firm associates. Basile said that tech can make work easier for attorneys by streamlining processes, which helps firms retain attorneys in a competitive market.

Practice Area Focus

Some practice areas still buck this trend. Intellectual property, immigration and some parts of employment law still have profitability as the main tech focus, according to Basile.

"[These are] practices that have traditionally been subject to fee pressure and in some ways may fall under the umbrella of a perception of being commoditized," Basile said. "These are areas where the clients in firms have negotiated alternative fee arrangements or in circumstances where the fee structure is subject to alternative fee arrangements."

She said firms should assess what activities can be automated so attorneys and staff can be free to handle other tasks.

Buchanan Ingersoll implemented some tech just for one practice area. Kurtz said a practice management dashboard was created to help a group in the firm's litigation practice that is high volume and "rate-sensitive" track people working on various client matters.

The dashboard, which was created with HBR Consulting and is used with Microsoft Power BI, visualizes aspects of litigation work in real time.

"Data is nothing if you cannot visualize it," Kurtz said.

He said the dashboard improves the way the practice group leaders staff cases by ensuring they can get the right talent deployed for each matter.

Even though this group used technology to become more efficient, Kurtz said that this initiative also resulted in driving value for clients.

"The faster that we are able to assess who are the right people to staff on this matter to begin with, and then as we are working on the matter to be able to adapt the staffing on the fly, that all helps with the value creation," Kurtz said. "And it ultimately helps with things like profitability."

Tech Spending

As a result of this shift to client value, law firms are reallocating technology budgets by stabilizing spending on areas such as network systems and beefing up their investments in tech tools for driving insights quickly.

Basile is seeing firms focus more on cloud migrations and giving practitioners greater access to data analytics in order to demonstrate more value to the clients.

Kurtz said that a disproportionate amount of Buchanan Ingersoll's tech spending goes toward similar technologies to improve the practice of law and to deliver value.

"All of these things have cost us a lot more to put in place, but we think that it delivers a more holistic representation and generates a lot more value and outcomes for our clients," Kurtz said.

Basile said the changes include arming lawyers with readily available information, such as trend analyses on clients' portfolios of litigation so they can mitigate risks.

"Our lawyers do a great job of understanding the business and understanding what they need to do in servicing a legal need," Kurtz said. "Now what we're able to do is provide deeper insights into that information and data."

Budgeting for tech is about more than acquiring the tools; firms have to budget for the right practitioners who use them. Kurtz said that the firm has invested in data scientists and solutions administrators in the information technology department. All of those investments and planning have occurred for years, which has helped differentiate the firm as one that uses technology for the benefit of clients.

"It takes time and effort and resources in order to put those things in place," Kurtz said. "There's a lot that goes into it. There's a lot of change management and process improvement."

--Editing by Brian Baresch.