

Compose

# 2020 Law Firm Efficiency Report: What We Learned from Your Clients and Peers



## Introduction

Earlier this year, Casetext released Compose, a product designed to increase efficiency in litigation. As part of the process of rolling out the technology, we started learning more from the law firms we work with about the role efficiency plays in their business. But we also wanted to hear directly from their clients – how important is efficiency to them? Does the current economic climate impact how in-house counsel view the importance of efficiency? And how does that align with the changes firms are making internally?

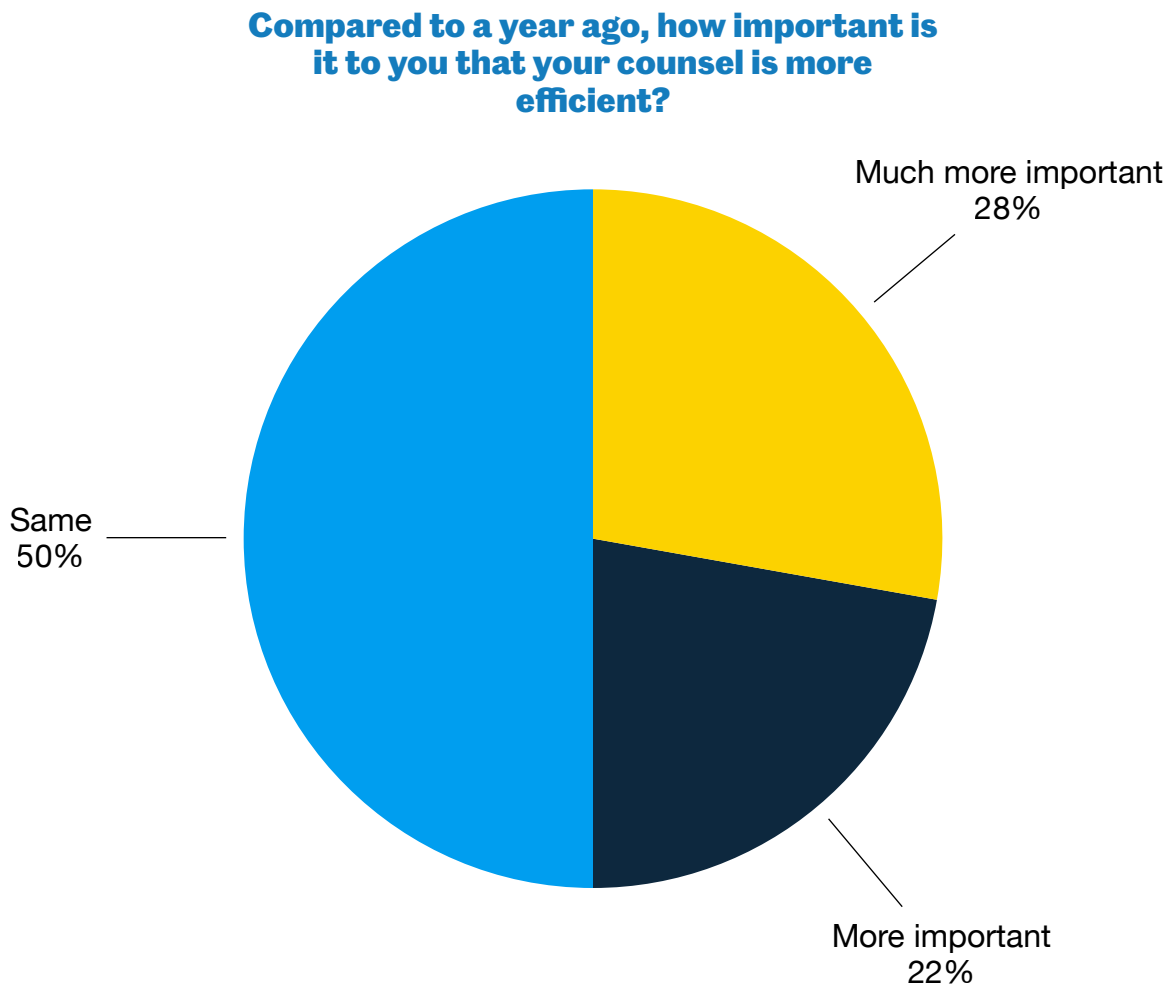
We heard from in-house counsel from 16 companies in industries including insurance, telecommunications, hospitality, and pharmaceuticals to learn about what they want their outside counsel to understand about the need for efficiency. We also spoke with CKOs at Am Law 100 firms to learn more about what law firms are doing internally to push for efficiency and meet their clients' needs.

## Is efficiency more important now?

One of the big questions we had for in-house counsel is whether efficiency actually is more important now than ever.

It turns out, efficiency was always important – and for many clients, it's only becoming more critical. When we asked, "Compared to a year ago, how important is it to you that outside counsel be efficient?" it was a 50/50 split

between those who told us it was the same and those who told us it was more important, with about 30% of the in-house counsel we spoke to saying efficiency is now “much more important.” None considered it less important now than it was a year ago.



This aligns with what we heard from law firms. A few of them told us that their clients have raised the need for

their firm to develop more efficient workflows as a result of the pandemic. But others told us that requests for efficiency were nothing out of the ordinary. “Not as a result of the pandemic per se. It is a constant request,” one told us.

## The urgency of efficiency

The fact that 50% of the in-house counsel we spoke to told us that efficiency is as important this year as it was last year should certainly not be interpreted as a lack of urgency when it comes to efficiency. In fact, we heard the opposite.

We asked if there is anything they wish law firms better understood about their clients’ stance on cutting costs. They told us that firms need to understand that those that are able to increase efficiency are the ones that will continue to earn their business. The ones that can’t will be left behind.

**"We don't have a choice — firm needs to change or we will change firms."**

- In-house attorney

As one in-house attorney bluntly put it: "We don't have a choice – firm needs to change or we will change firms."

Another said, "It's inevitable, so if you don't we'll find someone who is."

## The changes in-house counsel want to see

So, knowing how important efficiency is to their clients, what are the changes firms should make?

The in-house counsel we spoke to had a few specific recommendations for ways they would like to see their outside counsel cut costs.

- **Push down work whenever possible.** One attorney requested that their outside counsel "use appropriate staffing options for any given matter" as a way of lowering costs. We also heard from multiple in-house attorneys who told us they want to see work pushed down, including to paralegals, whenever possible.
- **Don't duplicate work.** Your clients don't want to be paying for your attorneys to do the same work twice.
- **Leverage automation.** Technology can enable your attorneys to truly do more in less time, and your clients will be happy to see those time-savings passed on to them.
- **Stop billing hourly.** Perhaps unsurprisingly, one of the recommendations we heard was simply "don't use the billable hour." Consider whether there are alternatives

that would better align incentives between your firm and your clients.

## **In-house counsel recommend law firms invest in technology**

Over 80% of the in-house counsel we talked to told us they would either recommend or strongly recommend that law firms invest in technology that will make them more efficient right now. None said they would discourage that investment.

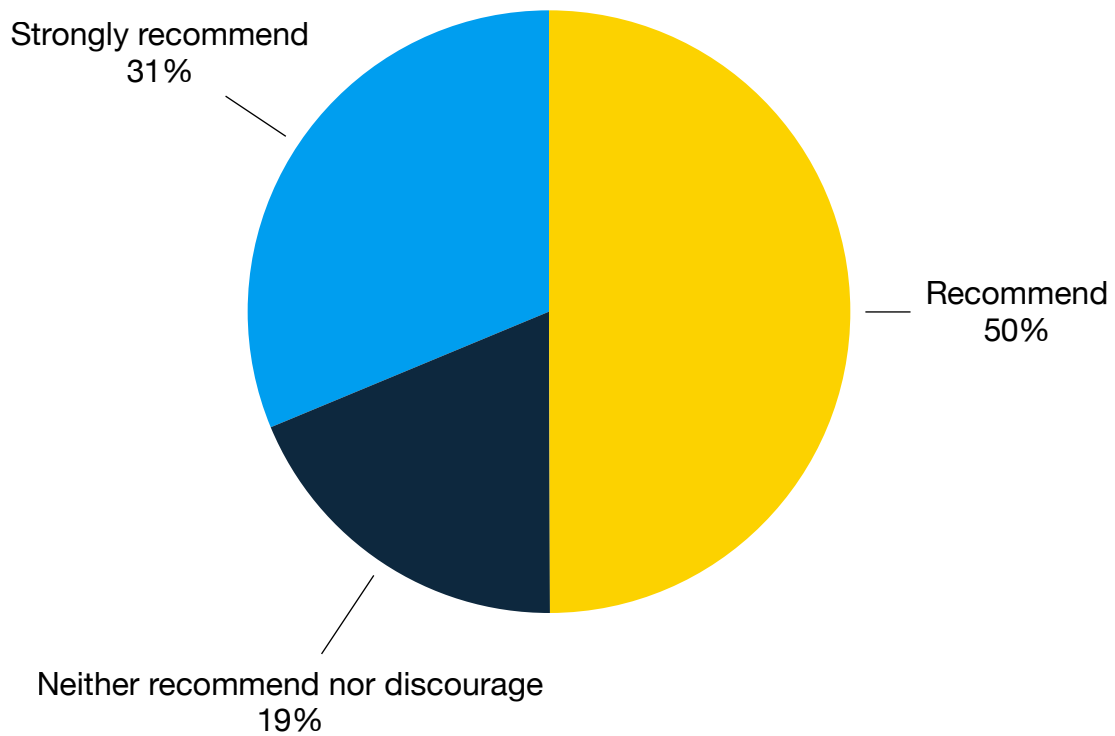
We also explicitly asked the in-house counsel we spoke to how they would feel about their outside counsel cancelling efficiency-oriented technology as a cost-cutting measure. Roughly 72% said they would either disapprove or strongly disapprove. The remaining 28% said they would not necessarily approve or disapprove. None said they would support it.

For law firms, this suggests that for those trying to demonstrate their commitment to efficiency to their clients, you will win favor with clients by highlighting investments in efficiency tools rather than by pointing to technology cuts as a cost-cutting measure.

## **How firms are cutting costs and increasing efficiency**

Several of the law firms we spoke with are trying to stay ahead of clients' requests to cut costs and increase

**Would you recommend outside counsel invest in technology that will make them more efficient?**



efficiency, mostly through creative applications of technology.

One firm told us they are using data analytics to monitor case handling by role (partner, associate, or paralegal) and identify opportunities to re-assign work in more efficient

ways. This strategy aligns well with the request we heard for firms to push down work when they can.

Another told us they are developing collaboration sites internally and focusing on improving access to various types of information, including data as well as expertise — a great strategy for minimizing duplicative work, as requested by the clients we spoke to.

We're also working with a substantial number of firms that are currently prioritizing investments in innovation and technology, including automation tools, as we heard clients recommend. Firms are looking to legal technology investments to help them increase efficiency while also improving their own profitability by eliminating non-billable work. We've seen this first-hand with the firms that have already adopted Compose, brief drafting technology we released earlier this year that automates much of the rote work in brief drafting.

From a few firms, we heard a “silver lining” take on the pandemic: an increase in innovation and adoption as attorneys are forced to quickly become more comfortable with technology while they adjust to remote work. At one firm, we heard, “As we look to the ‘office of the future’ there is much that we have been able to push forward on the innovation front during the pandemic that we will want to continue to build upon, post-pandemic. These are exciting times with many opportunities!”

It's also bringing attention to the urgency around efficiency and in some ways making it easier to push for innovation internally. Although the need for efficiency may or may not have increased with the pandemic, the focus on it within law firms has. At one firm, we heard, “This need



existed prior to the pandemic. I think the pandemic has raised the profile.”

## Conclusion: Our top tips for law firms

Based on what we’ve learned from clients, here are our top 4 tips for firms:

- 1. Take your clients’ requests for efficiency seriously.** The fact that your clients’ emphasis on efficiency is nothing new does not mean it’s not urgent. In-house legal teams are paying close attention to which firms are able to improve efficiency. Those are the firms that will win their business.
- 2. Understand that efficiency is important now, but not necessarily more important than ever.** While some clients did say that the pandemic has made efficiency even more urgent, others insisted that it is no more important now than it was before.
- 3. Highlight your legal technology investments.** While they may be pushing for cost cuts elsewhere, your clients want to see that you’re investing in technology that can enable your firm’s attorneys to operate more efficiently.
- 4. Find the silver lining: innovation and adoption.** While the importance of efficiency may be nothing new, the pandemic may have created newfound opportunities for innovation and adoption. Look out for opportunities to prioritize efficiency and efficiency tools as you work on shaping your firm’s “office of the future.”

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If you'd like to learn more about how Casetext partners with firms to increase efficiency and improve profitability, including through the Compose brief drafting platform, reach out to [sales@casetext.com](mailto:sales@casetext.com).