

CARET Legal

YEARLY ROUNDUP: 2023

Strategic Insights for Law Firm Decision Making



Forward

As we approach the end of the year, it's time to look back on the insights and trends that shaped the legal industry in 2022–2023.

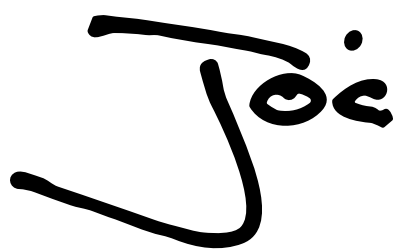
We know that keeping up with the many industry reports can be a challenge, especially when you're busy running a law firm. That's why we've compiled these important findings from various recent legal industry reports for you.

This is designed to serve as a one-stop resource, saving you the time and effort of sifting through a swathe of information. It provides a concise recap of significant trends, challenges, and opportunities that emerged in the legal landscape over the past year. From technology adoption and cybersecurity to talent management and client expectations, we have distilled relevant insights for you.

This serves not only as a reflection of the past, but also as a tool to help forecast what lies ahead. Our aim is to equip you with the knowledge and understanding to make informed decisions, drive your firm's growth, and continue to navigate the ever-evolving legal industry with confidence.

We hope that this proves to be a valuable resource in your strategic planning and decision-making processes. Here's to a successful and insightful year ahead!

Sincerely,

A handwritten signature in black ink, appearing to read 'Joc', with a stylized flourish extending from the bottom left.

James O'Connell-Cooper
CMO of CARET



As firms like ours transition to more powerful platform solutions, you'll find numerous opportunities where you can eliminate redundant one-off technologies.

As more capabilities are centralized to a single solution, adoption will increase and further enable the rich collaboration legal teams need for a successful modern practice.

Kandi McElroy,

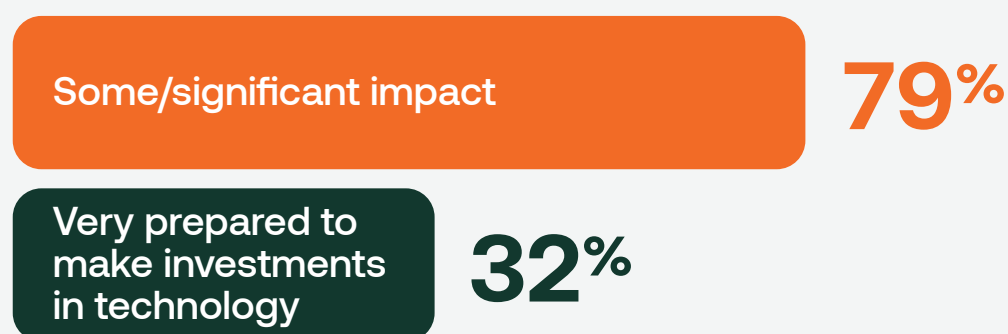
Executive Administrator at Bradley & Riley, PC

Investing in Practice Management Technology is a Priority

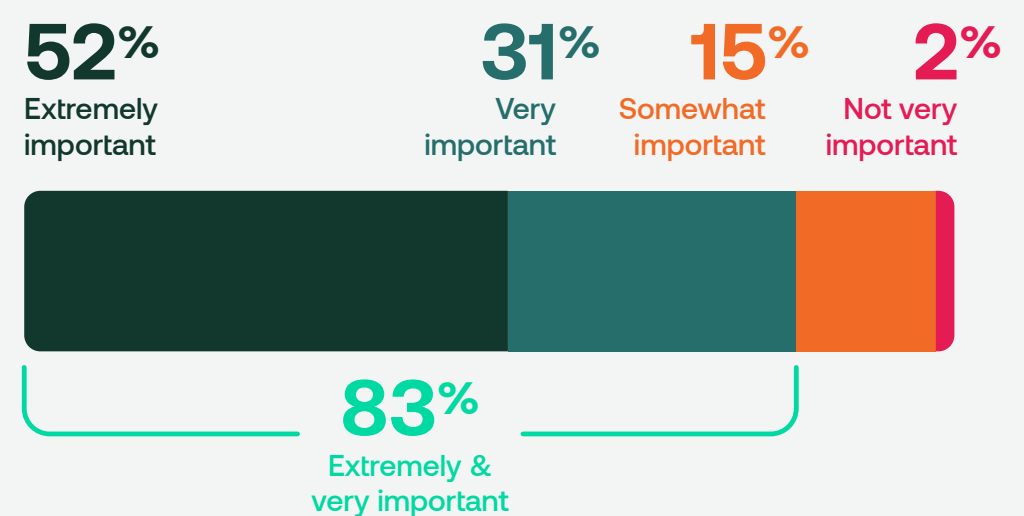
Practice management technology is a primary factor in both mitigating the challenges law firms face, and leveraging the opportunities available.

In the ever-evolving legal landscape, the role of technology has reshaped the way lawyers approach their work. While a majority of legal professionals acknowledge the increasing importance of legal technology, there's a notable gap between this recognition and the actual readiness of law firms to make technological investments.

Increasing importance of legal technology



Importance of working for tech-saavy law firm



The next few years are likely to see increasing shifts in technology use with over 63% of law firms anticipating a surge in both short and long-term investments in software to support legal work¹. While 79% of lawyers cite the increasing importance of legal technology to have the biggest impact on their firm, surprisingly, only 32% of legal professionals believe their firms are well-prepared to make strategic investments in technology¹.

Working at a firm that fully leverages technology to streamline workflows is of the utmost importance to attorneys, with 83% sharing this sentiment¹. Moreover, 92% emphasize the significance of having access to the latest tools and tech-enabled work processes to enhance productivity¹.

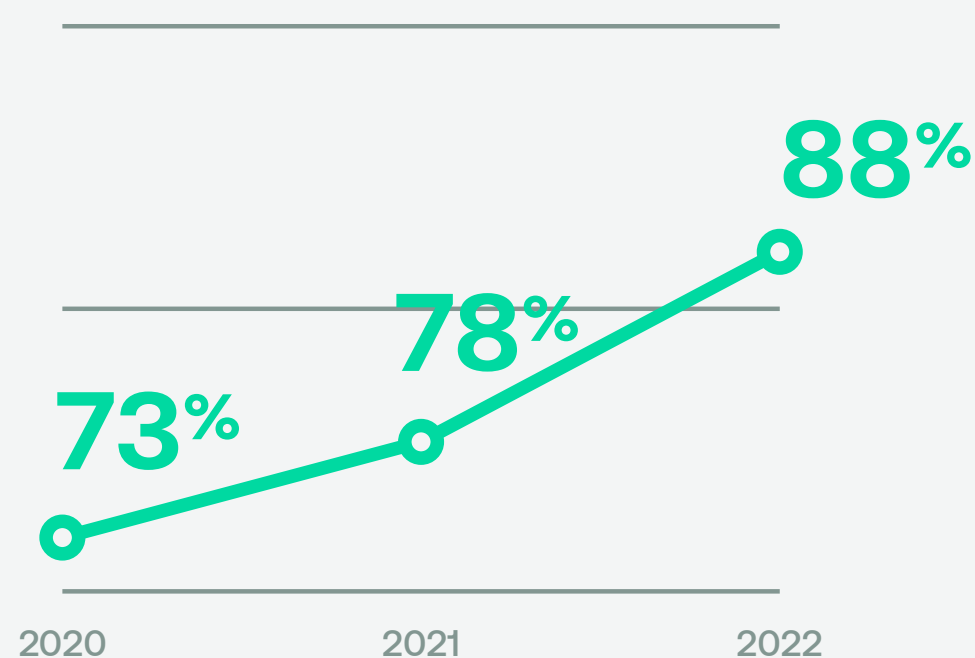
With an overwhelming majority of legal professionals emphasizing the importance of efficiency, the need for a tech-enabled environment is clear. The future of legal practice is reliant on technology and firms must embrace it in order to thrive and remain relevant.

Client Expectations Demand Technology Proficiency

Client demand for technology-efficient law firms is hitting record highs and is expected to keep growing.

The convergence of law and technology is no longer optional; it's a necessity. Today's legal clients demand high-quality service from their attorneys, particularly regarding technology. The demand for technologically proficient legal services has reached new heights, and this trend shows no signs of slowing down.

Importance that law firms fully leverage technology



Recent surveys reveal that technology proficiency is significantly important to corporate clients. A staggering 88% of law firms believe it's important to their clients that their firm leverages technology¹.

According to corporate clients, the primary reason they will fire a firm they're working with is if the firm fails to demonstrate efficiency and productivity. Faced with this ultimatum, 57% of forward-thinking firms have taken proactive steps to invest in new technology that supports firm operations and client work¹.

As the legal landscape continues its march towards an increasingly digital future, it's important for law firms to be technologically efficient. Using the latest legal technology helps attorneys become more efficient, accurate and productive, resulting in happier clients with fulfilled expectations.



Legal specialists should no longer spend significant portions of their time working on repetitive tasks with extensive administrative burden.

Automation paves the way for legal specialists to focus their time on intellectually stimulating work that translates to higher value for their organizations.

Mike Ferrara,
Senior Manager at Deloitte Legal Business
Services

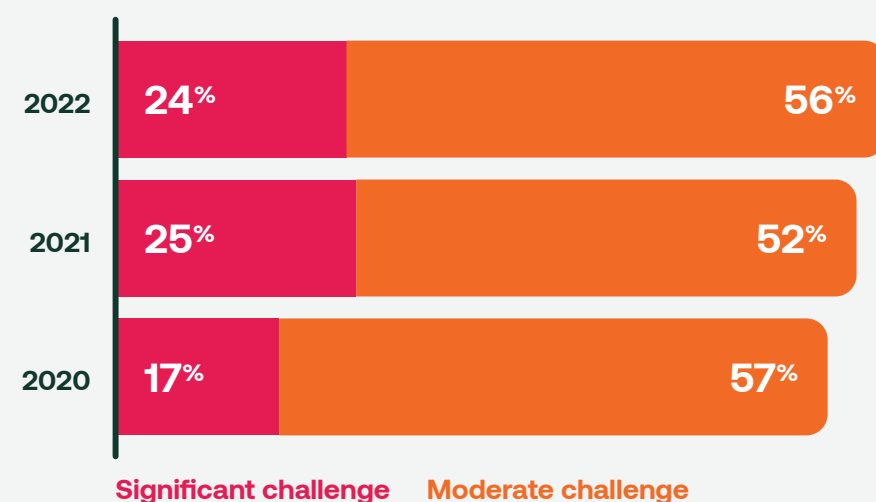
Admin Work Is An Unnecessary Burden that Can be Mitigated

Law firms are using technology to decrease the time-burden of administrative work and increase client satisfaction.

Firms have turned to technology to alleviate the burden of administrative work and improve client satisfaction. This shift towards automation frees legal professionals from tedious, routine tasks, empowering them to focus on what truly matters – delivering exceptional legal expertise.

Recent studies emphasize the untapped potential for automation within a legal team. Astonishingly, 23% of a lawyer’s workload and 69% of a paralegal’s workload have the potential to be automated².

Spending too much time on admin tasks, not enough time practicing law



Reasons for using advanced technology



For small law firms, spending time on administrative tasks versus practicing law proves to be a challenge. An overwhelming 80% of small firms identify this as their primary struggle³.

Lawyers at small firms spend nearly half of their workday on non-practice-related tasks, equating to almost 50 additional hours annually³.

Email management is a significant time sink for legal professionals. An eye-opening 59% of timekeepers devote five or more hours per week to the classification and filing of emails⁴.

Law firm leaders admit to prioritizing investing in advanced technology for two reasons: providing greater value to clients and reducing task-drive time. Notably, two out of three firms anticipate increases in their technological investments over the next three years¹.

Cutting-edge technology helps to liberate lawyers from the drudgery of routine tasks. This automation not only optimizes time management but enhances client satisfaction to new heights.

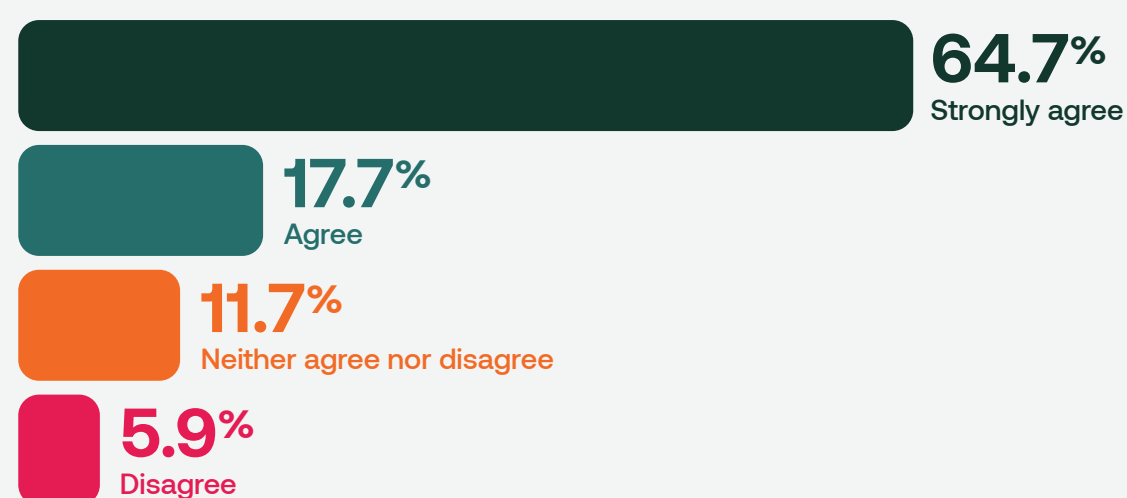
Time Tracking is Among Key Areas for Improvement

Time-tracking processes are examples of areas where automation can have a big impact on a firm's bottom line.

Tracking time can often be a tedious process. The need for automation is evident to streamline operations and significantly impact a firm's financial health.

The amount of time timekeepers' spend on non-billable tasks is staggering. A striking 70% of these professionals dedicate over 20 hours per week to activities that do not directly contribute to billable hours⁴.

Administrative tasks (non-billable work) are an impediment to me achieving business goals



The weight of non-billable work impacts timekeepers' ability to achieve their business goals. An overwhelming 82% report that this administrative load impedes their professional advancement⁴. When asked about their ideal toolkit, nearly 59% of timekeepers singled out the need for tools that facilitate time entry⁴.

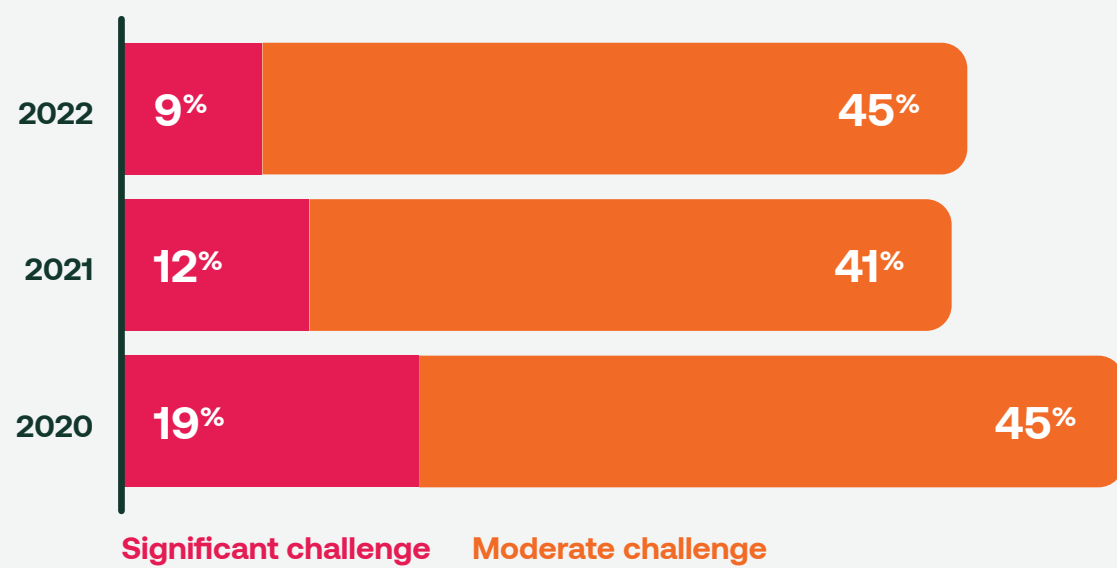
Non-billable work takes up vast amounts of time without generating revenue. Tracking and eliminating as many non-billable hours as possible with time-tracking automation is essential to becoming a more efficient, cost-effective firm, improving attorney satisfaction and client relationships.

There's Opportunity to Bill Better and Get Paid Faster

Automated billing and payment processes allow firms to drive stronger cashflow and maximize profitability.

In a legal practice, the seamless flow of revenue is based on two critical processes: billing and payments. Riddled with manual labor and inefficiencies, optimizing these workflows can boost financial health and unlock the potential for accelerated growth.

Small law firms find getting paid by clients challenging



Top 5 steps to improve firm performance

- 1 Increase billing rates
- 2 Greater use of technology to cut costs
- 3 Improve budgeting/cost management of client matters
- 4 Cut unprofitable services of clients
- 5 Put more work through more junior staff

For a significant proportion of small firms, the challenge of timely payments is a continuous concern. Fifty-four percent of small firms express the real struggle they face in this regard³. The process of manually invoicing clients results in slower collection times. It can take firms up to 72 days to be paid⁶.

Forward-thinking firms are recognizing the pivotal role of technology to positively impact their firm's bottom line. Billing and invoicing software is a top priority for investment among firms to revolutionize financial operations³. For small law firms, increasing billing rates is a strategic step to enhance performance. A resounding 67% of these firms are following this approach, highlighting the critical role that billing optimization plays in their overall business strategy³.

The ability to bill better and receive payments faster is a necessity. Automation offers firms the opportunity to streamline operations, expedite revenue flow, and strengthen their financial foundations.

Technology Innovation is Reducing Turnover Among Firms

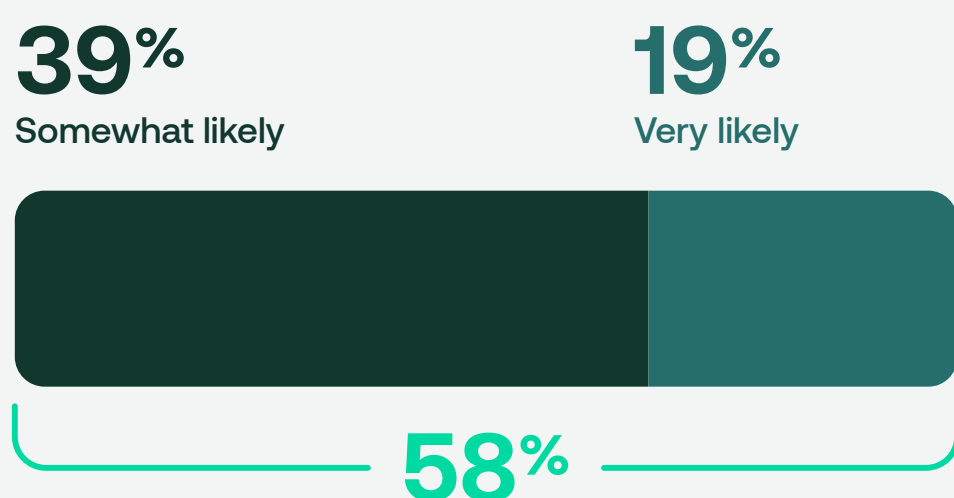
Technology that facilitates process automation reduces turnover by creating a more productive workday and a better work-life balance.

In the rapidly evolving landscape of legal practice, technology is a powerful component of firm retention. By creating a more streamlined and productive work environment, technology not only enhances day-to-day operations but also fosters a work-life balance that legal professionals are increasingly prioritizing, reducing turnover.

High turnover rates have been a big concern amongst firms. One in five lawyers left their positions in the past year, with 58% expressing the likelihood of seeking new opportunities in the year ahead¹.

When ranking workplace priorities, work-life balance is at the top for lawyers. However, only 34% of them can attest that their firm is meeting this need¹.

Likely to leave current law firm position in next year



Lawyers who would leave their place of employment for one that offers a greater ability to work remotely, by tenure at current firm



Legal professionals are re-evaluating the way they work, particularly among lawyers with ten years of experience or less. A substantial 44% of this group express they would leave their current firm for the ability to work outside the office⁵.

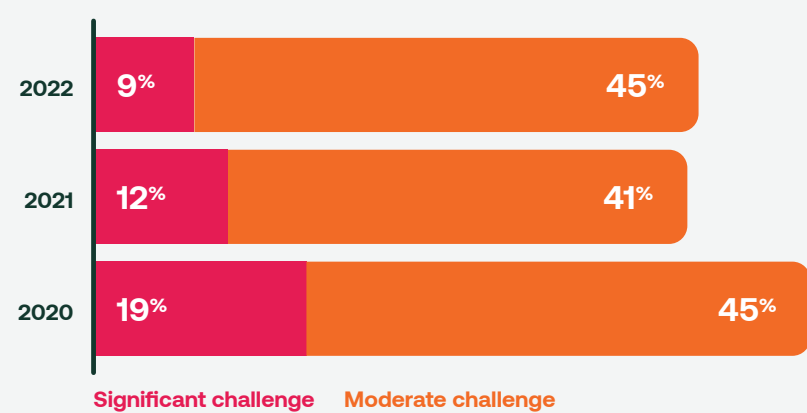
As the legal profession faces increasing turnover rates, integrating innovative solutions into a firm holds the promise of creating a more productive and balanced work environment. By prioritizing technology-driven strategies, firms can retain top talent by catering to their priorities, including better flexibility and work-life balance.

Summary

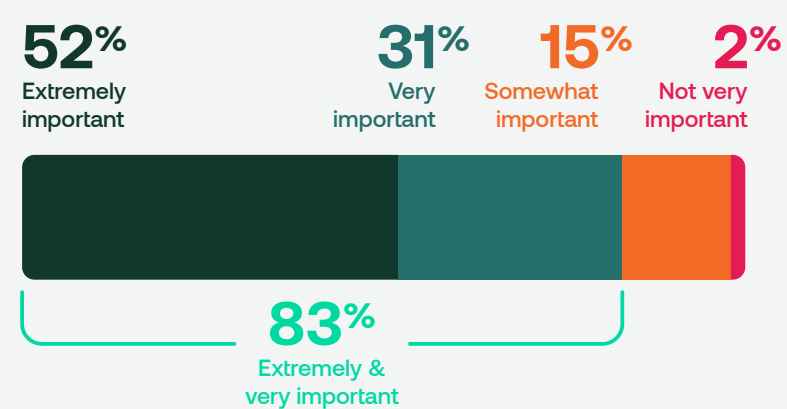
The legal profession is experiencing a technology-driven transformation, fundamentally altering how lawyers approach their work.

Law firms anticipate significant investments in specialized software to support legal work in the years ahead, recognizing the pivotal role technology is set to play. Addressing administrative burdens, optimizing time management and streamlining billing processes are of the upmost importance. Firms that embrace this new era of technology value flexibility, efficiency, and work-life balance, ensuring sustained success in the evolving legal landscape.

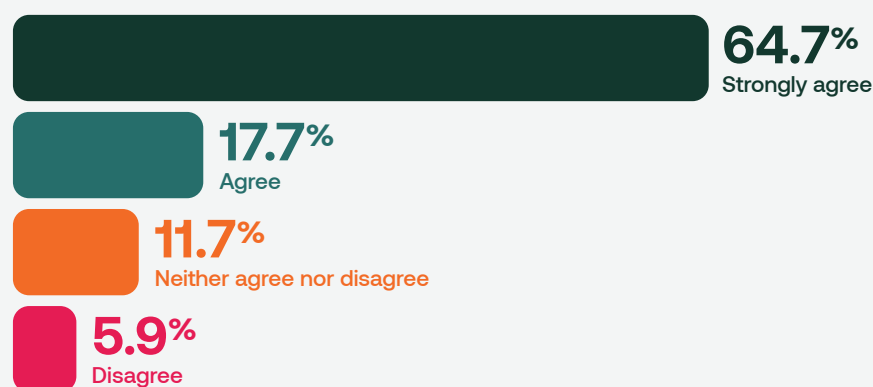
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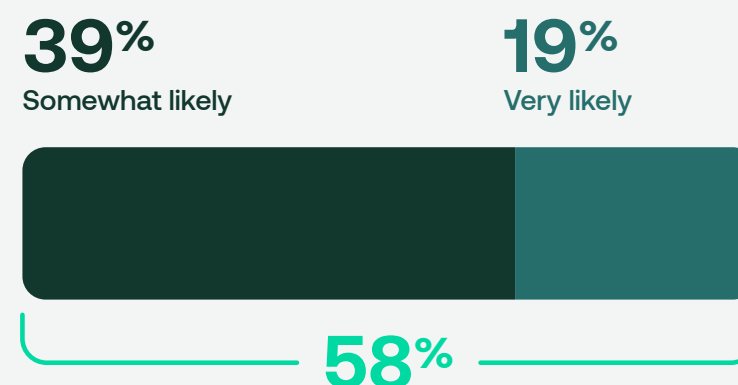
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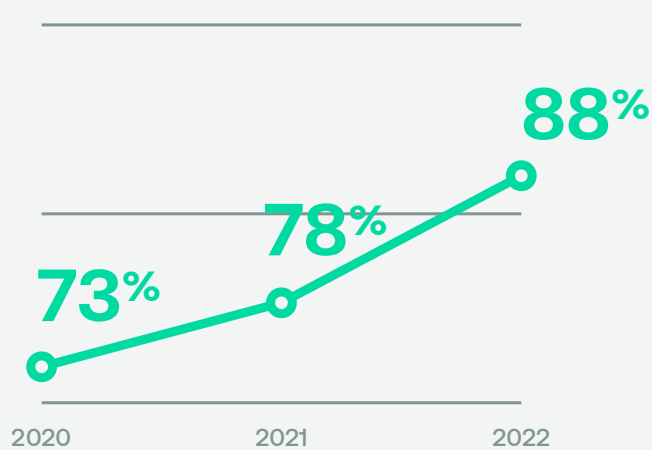
Administrative tasks (non-billable work) are an impediment to me achieving business goals⁴



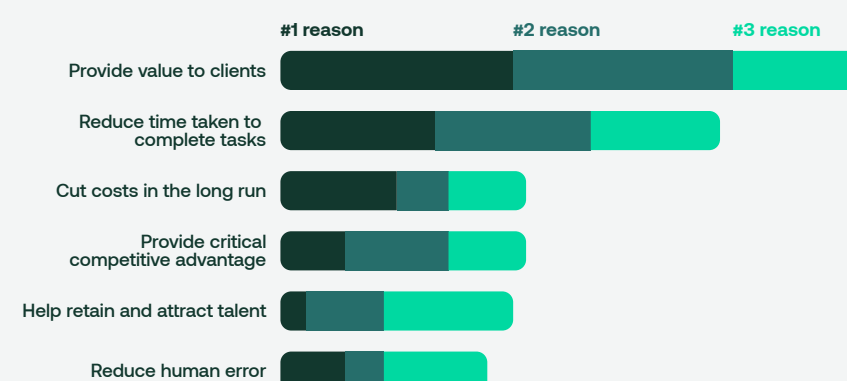
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Reasons for using advanced technology¹



¹ 2022 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2022). Wolters Kluwer.

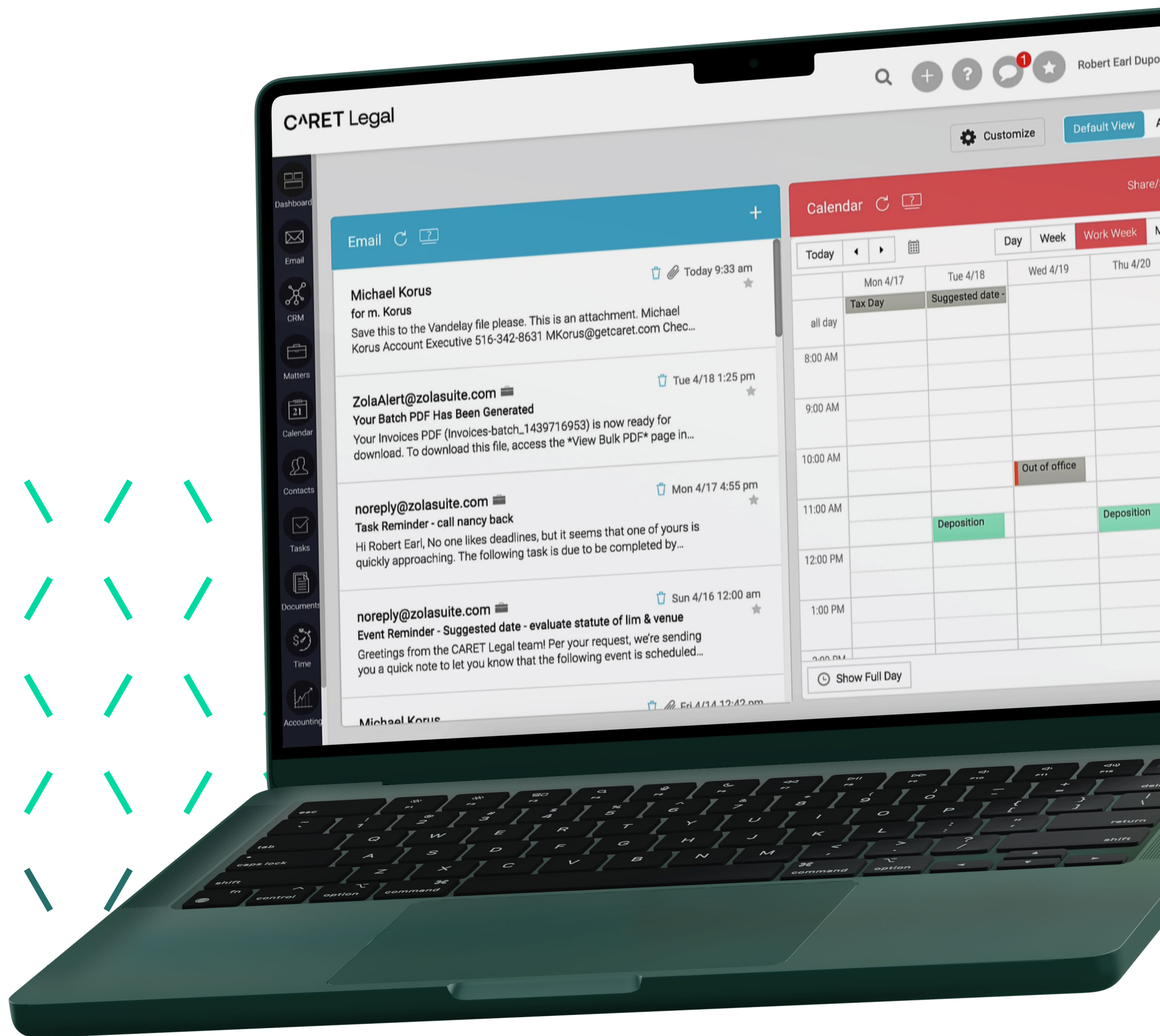
³ 2022 State of US Small Law Firms. (2022). Thomson Reuters.

⁴ The State of Automation in Legal. (2022). Zero.

About CARET Legal

CARET Legal is the leading platform to automate the most critical processes in your firm. From client intake, to matter management, to back-office reporting, CARET Legal helps law firms save time, increase team collaboration and accuracy, and scale their business.

Law firms that use CARET Legal have seen an increase in billable time by 15% through seamless time tracking. With CARET Legal's integrated payment processing, firms can get paid faster by decreasing their billing cycle by up to 97%. To learn more, visit caretlegal.com.





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Citations

¹ 2022 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2022). Wolters Kluwer.

² McKinsey Global Institute. (2014, February 25). Automation potential and wages for US Jobs. Tableau Public. <https://public.tableau.com/app/profile/mckinsey.analytics/viz/AutomationandUSjobs/Technicalpotentialforautomation>

³ 2022 State of US Small Law Firms. (2022). Thomson Reuters.

⁴ The State of Automation in Legal. (2022). Zero.

⁵ Liebenberg, R., & Scharf, S. 2022 Practice Forward Report: Where Does the Legal Profession Go From Here?. (2022). American Bar Association.

⁶ Online Payments with APX. (2022). CARET. <https://www.amicusattorney.com/solutions/billing-apx-paynow/>

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