

CARET Legal

YEARLY ROUNDUP

Strategic Insights for Law Firm Decision Making



Forward

We've compiled key findings from recent legal industry reports into one comprehensive resource. This overview covers critical areas including technology adoption, talent management, client expectations, and emerging trends that are shaping the legal landscape.

We created this compilation to help busy law firm leaders stay informed without needing to sift through a swathe of information. Our goal is to provide you with actionable insights to make better decisions, drive firm growth, and navigate industry changes effectively. The legal field continues to evolve rapidly, and staying ahead of these shifts is crucial for success.

We've distilled the most relevant information to give you a clear picture of where the industry stands and where it's heading. We hope this resource supports your strategic planning and helps you prepare for the opportunities and challenges that lie ahead.

Sincerely,

A handwritten signature in black ink that reads "Lisa Hasen". The signature is fluid and cursive, with the first name "Lisa" and last name "Hasen" clearly distinguishable.

Lisa Hasen,
VP, Marketing



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.

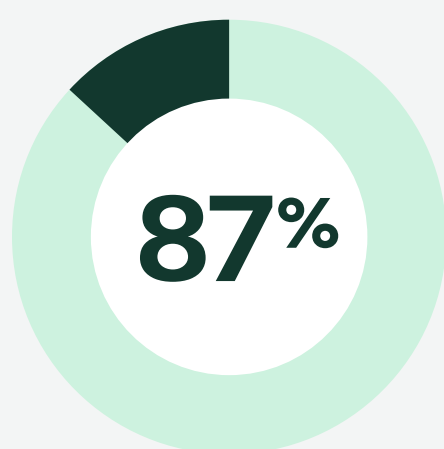
Kandi McElroy,

Executive Administrator at Bradley & Riley, PC

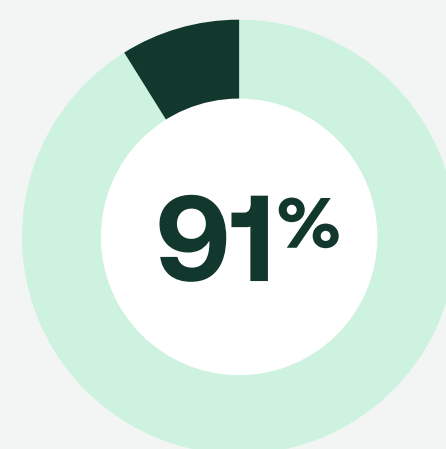
Investing in Practice Management Technology is a Priority

It's now been proven that legal practice management greatly supports a firm's day-to-day operations and lawyers are taking full advantage.

In the ever-evolving legal landscape, the role of technology has reshaped the way lawyers approach their work and prioritizing investment in legal technology is paying off in tangible ways. A striking 87% of lawyers report that technology has improved their day-to-day work by increasing productivity and efficiency while also reducing the risk of client attrition¹.



lawyers who reported that technology increases productivity and efficiency and reduces the risk of client attrition ¹



firms who stress the importance of technology that enables lawyers to adapt quickly to change, provide access to the latest tools to aid productivity, and streamline work processes

But this is just the beginning. The next few years are likely to see increasing shifts in technology use. In fact, 91% of firms say it's important for them to have technology that enables lawyers to adapt quickly to change, provide access to the latest tools and technology to aid productivity, and have technology-enabled work processes¹.

More and more firms are implementing AI technologies in their day-to-day operations — using either standalone tools or ones integrated into their legal practice management platforms. And this trend isn't fleeting, it's also poised for significant growth. An overwhelming 73% of lawyers expect to use generative AI in their firm in the next year¹.

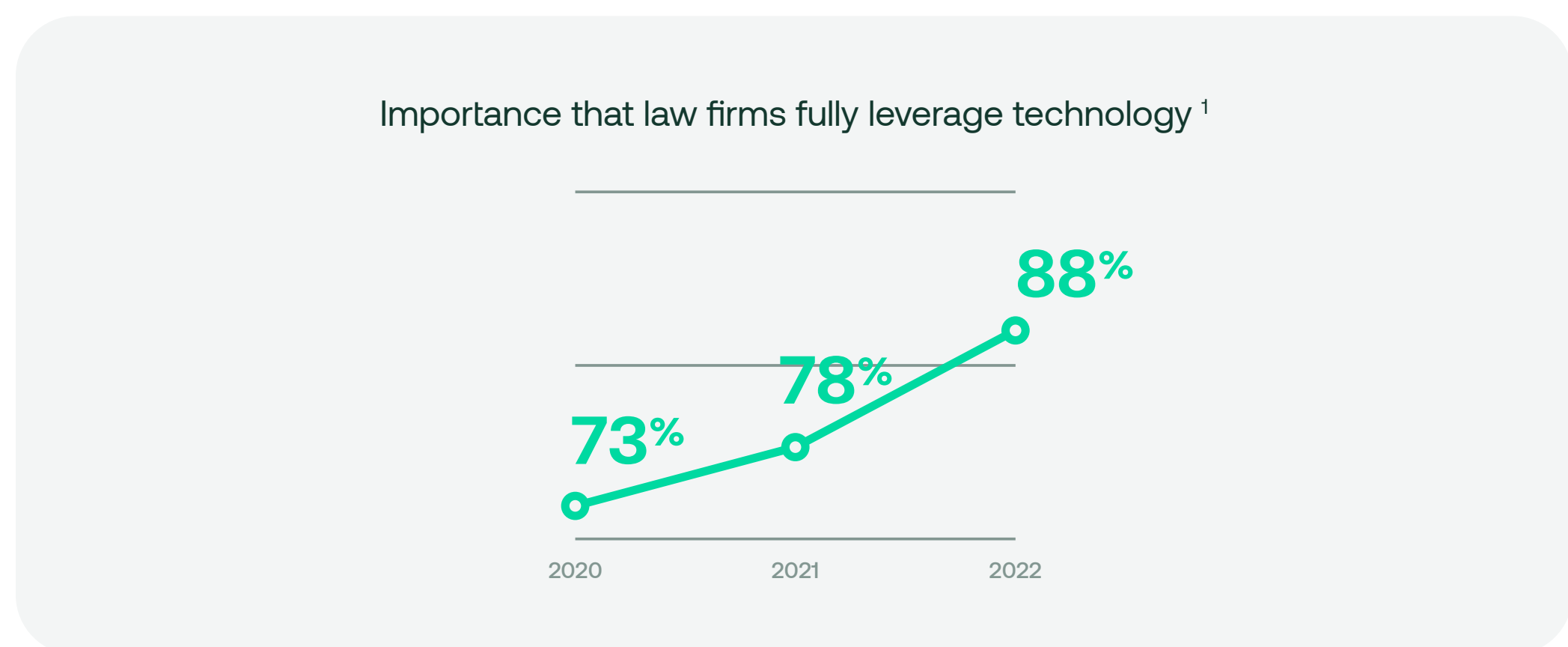
With an overwhelming majority of legal professionals emphasizing the importance of efficiency, the need for a tech-enabled environment is clear. The future of legal practice is reliant on technology and firms must embrace it in order to thrive and remain relevant.

¹ 2023 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2023). Wolters Kluwer.

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.



Leveraging technology is an effective way for law firms to address the challenge of client attrition, which is expected to be one of the biggest difficulties in the legal industry in the coming year. With advancements in technology, law firms can boost customer service, enhance client satisfaction, and encourage loyalty¹.

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 technology².

Law firms are being evaluated on their use of technology and are feeling the pressure to invest in this area, leading to an increase in such investment. Nearly half of all law firms (46%) prioritize using technology to enhance productivity and efficiency in order to meet their clients' demands and to improve collaboration and workflow¹.

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.

¹ 2023 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2023). Wolters Kluwer.



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.

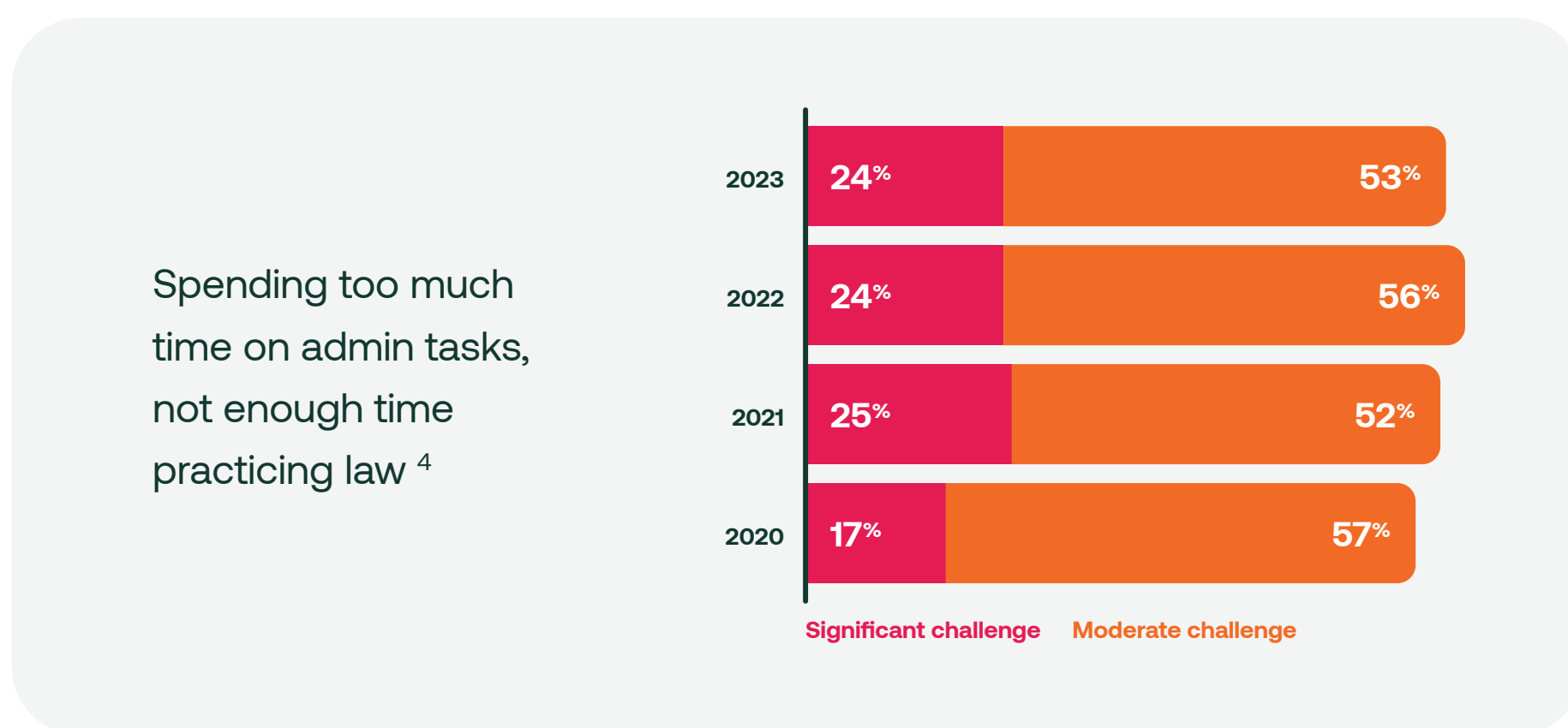
Mike Ferrara,
Senior Manager at Deloitte Legal Business
Services

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 has the potential to be automated³. Many firms have already begun to test automation technologies, with 70% of respondents reporting that they are currently piloting these technologies in one or more business units or functions, up from 66% in 2020 and 57% in 2018³.



Small law firms are making progress, with the percentage of time devoted to practicing law increasing for the first time, from 56% to 61%⁴. Meanwhile, time spent on administrative tasks decreased slightly, from 11% to 9%, during the same period⁴.

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.

⁴ 2024 State of US Legal Market. (2024). Thomson Reuters.

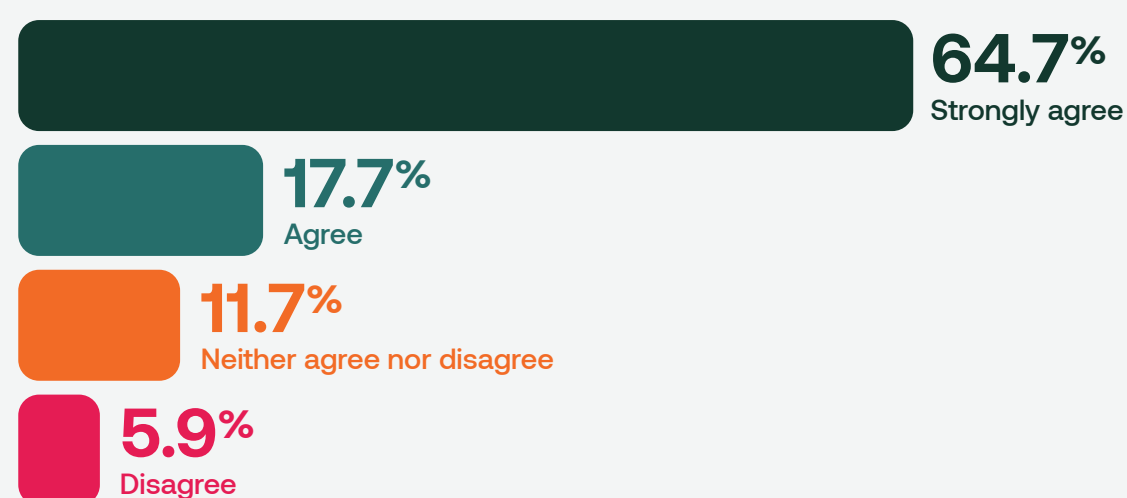
Time Tracking is Among Key Areas for Improvement

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 hours⁵.

Administrative tasks (non-billable work) are an impediment to me achieving business goals ⁵



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 advancement⁵. When asked about their ideal toolkit, nearly 59% of timekeepers singled out the need for tools that facilitate time entry⁵.

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.

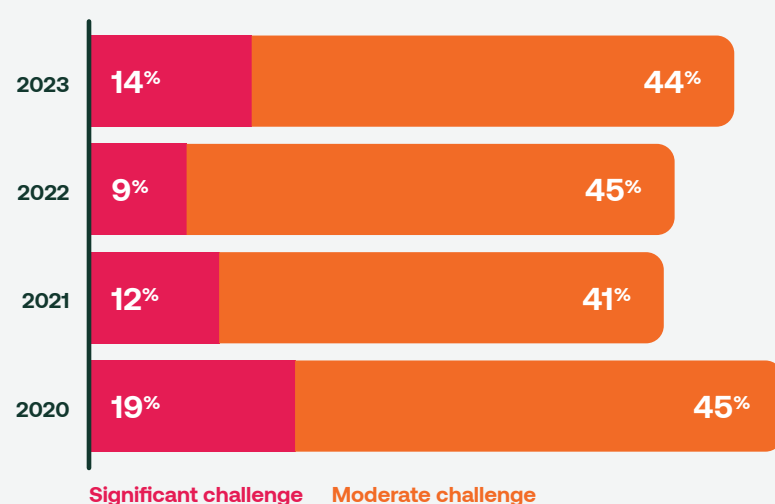
⁵ The State of Automation in Legal. (2022). Zero.

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 ⁴



Top 5 steps to improve firm performance ⁴

- 1 Increase billing rates
- 2 Greater use of technology to cut costs
- 3 Cut unprofitable services of clients
- 4 Improve budgeting/cost management of client matters
- 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-eight percent of small firms express the real struggle they face in this regard⁴. The process of manually invoicing clients results in slower collection times. It can take firms up to 72 days to be paid⁶.

With more clients demanding easier payment options, firms might not realize that online payment methods also increase collection rates, mitigating the pain of not getting paid on time. Clients are more inclined to settle their invoices promptly when presented with a straightforward and convenient online payment option.

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 operations⁴. For small law firms, increasing billing rates is a strategic step to enhance performance. A resounding 68% of these firms are following this approach, highlighting the critical role that billing optimization plays in their overall business strategy⁴.

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.

⁴ 2024 State of US Legal Market. (2024). Thomson Reuters.



Law firms that lag in adopting legal technology risk losing not only clients, but also emerging talent. Professionals entering the legal market in the current environment want to join firms at the leading edge of innovation.

They know those firms will be more successful in the long run and offer the greatest opportunities for career development. The connection should be obvious: the younger generation of tech-savvy professionals want careers in tech-savvy environments.

Robert Ambrogi,

Massachusetts lawyer, journalist and publisher of
LawSitesBlog

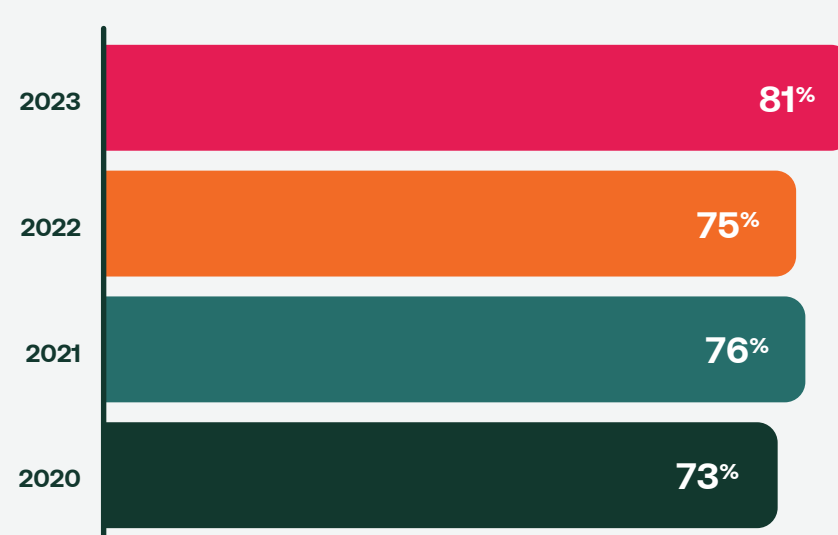
Technology Innovation is Reducing Turnover Among Firms

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

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, which has been an ongoing concern amongst firms.

In fact, most lawyers from firms and corporate legal departments see the ability to recruit and retain talent as a key area of focus. Thirty-eight percent of legal departments expect talent recruitment and retention to be among the top three challenges in the next three years, and 81% of legal professionals say the ability to recruit and retain talent will have an impact on law firms and corporate legal departments in the next one to three years (up from 75% in 2022)¹.

The ability to recruit top talent has a significant impact on law firms ¹



Most lawyers (92%) say it's important for them to get training and support so they can use technology solutions to their full potential¹. Yet fewer (79% of law firms and corporate legal departments) are prepared to recruit and retain the skilled staff needed to use the latest technologies¹. And even fewer (78% of law firms and corporate legal departments) are equipped to help with developing the skills to ensure their staff is capable of leveraging technology¹.

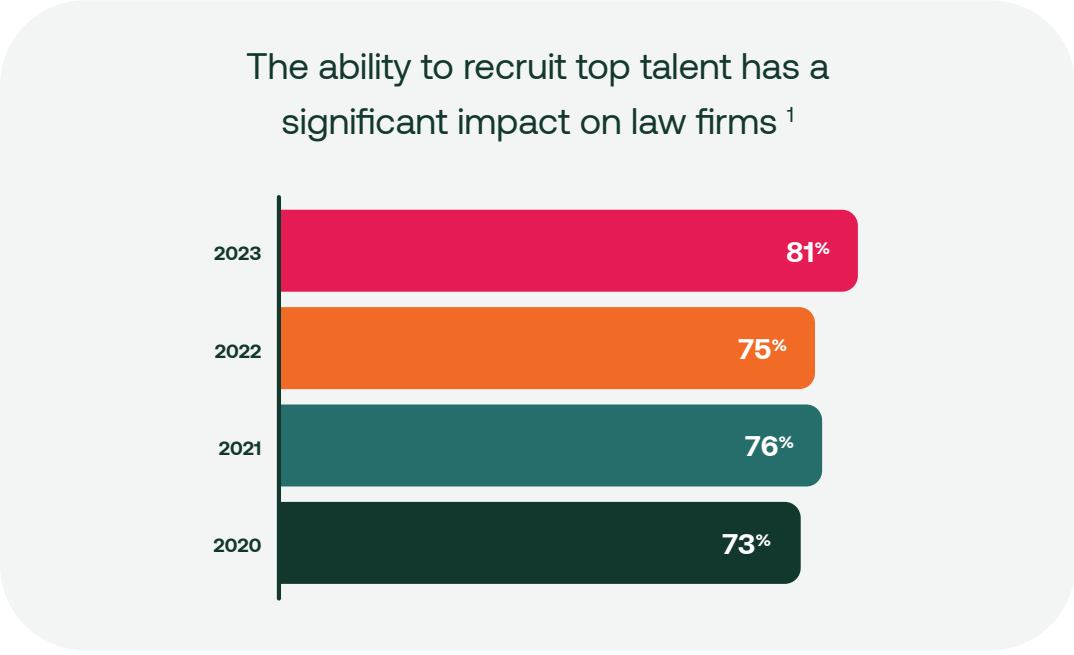
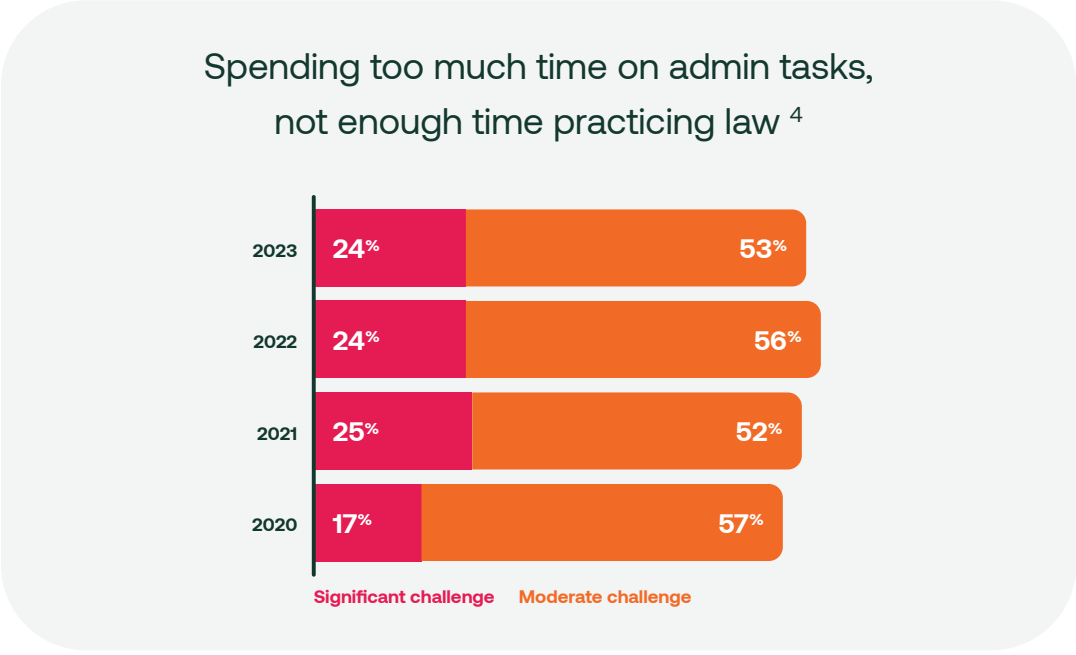
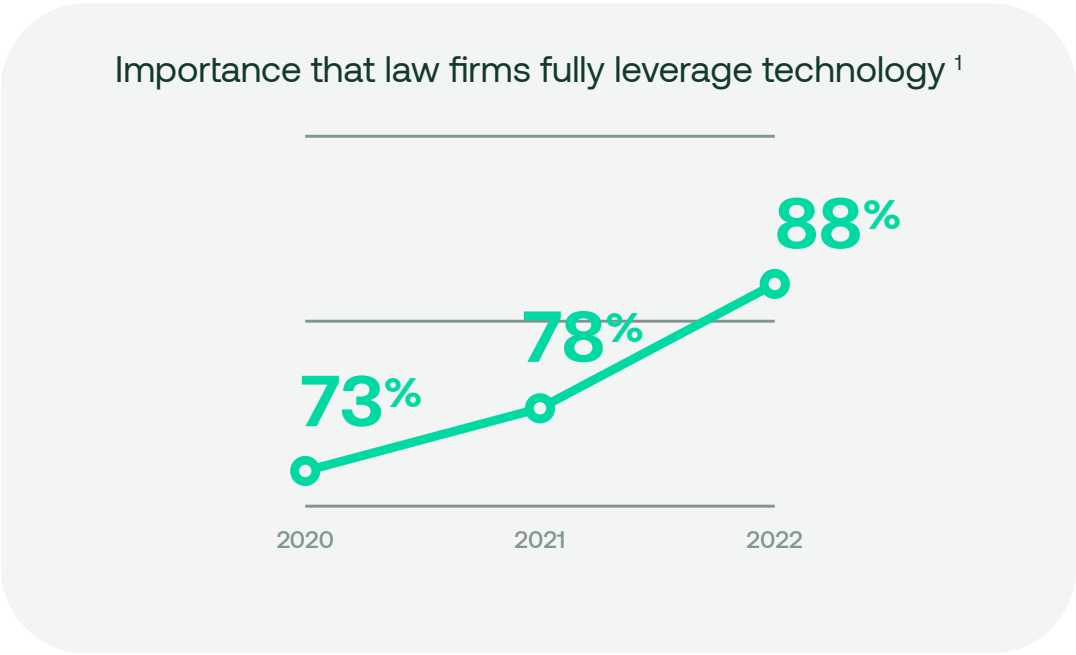
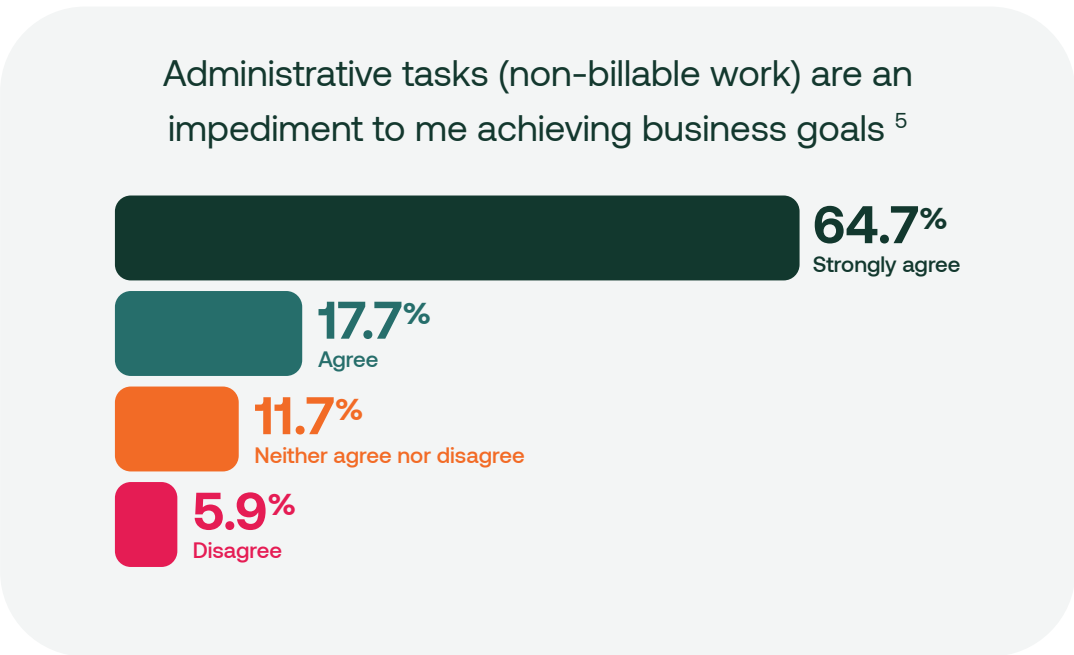
As the legal profession faces increasing turnover rates, integrating innovative solutions into a firm holds the promise of creating a more productive and balanced work environment. By prioritizing technology-driven strategies, firms can retain top talent by catering to their priorities, including better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

¹ 2023 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2023). Wolters Kluwer.

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.

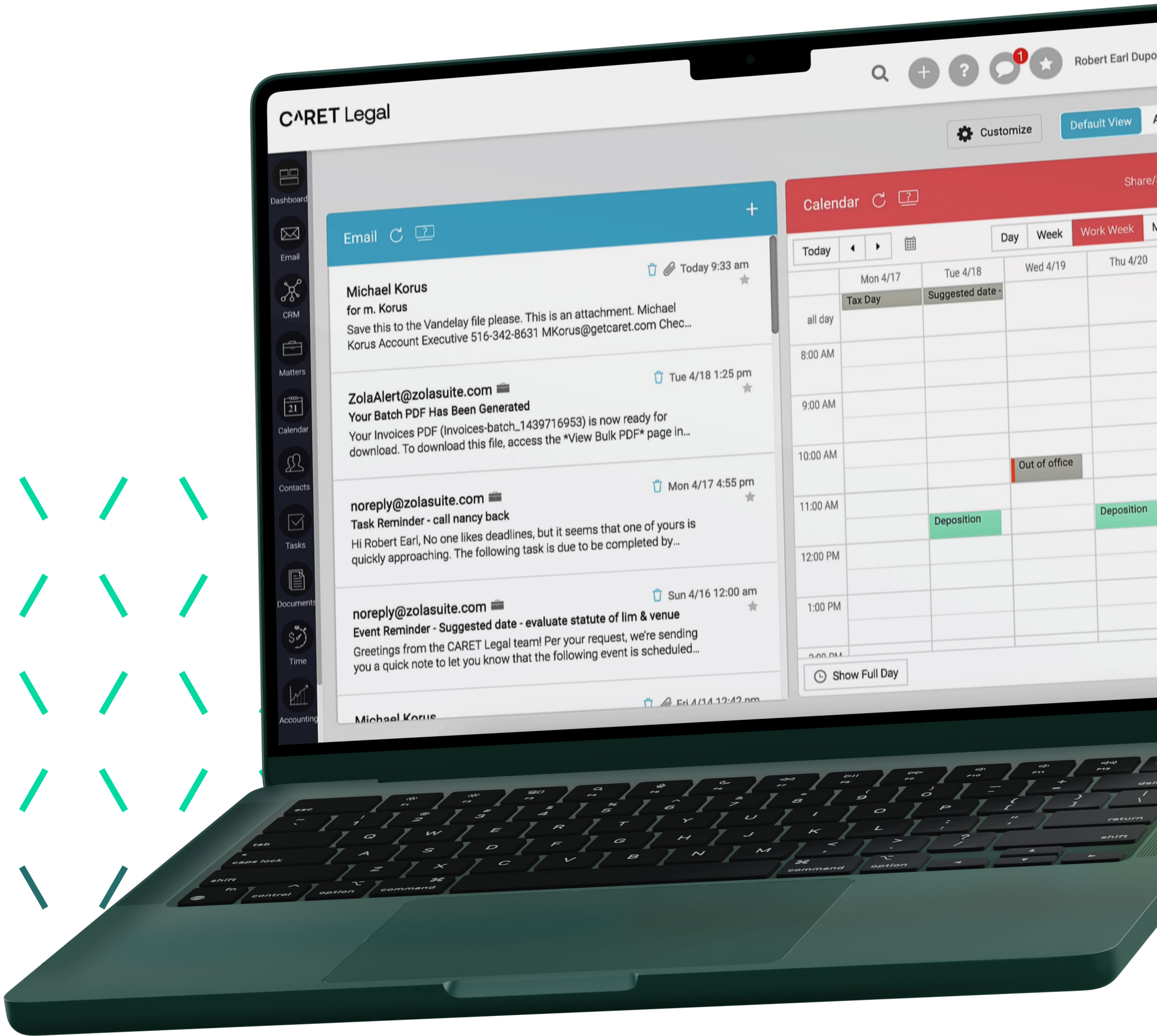


¹ 2023 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2023). Wolters Kluwer.
⁴ 2024 State of US Legal Market. (2024). Thomson Reuters.
⁵ The State of Automation in Legal. (2022). Zero.

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.





Citations

- ¹ 2023 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2023). Wolters Kluwer.
- ² 2022 Survey Report: The Wolters Kluwer Future Ready Lawyer. (2022). Wolters Kluwer.
- ³ 23 Legal Technology Insights for 2023. (2023). NetDocuments.
- ⁴ 2024 State of US Legal Market. (2024). Thomson Reuters.
- ⁵ The State of Automation in Legal. (2022). Zero.
- ⁶ Online Payments with APX. (2022). CARET. <https://www.amicusattorney.com/solutions/billing-apx-paynow/>

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