

Briefing

LEGAL SERVICES REFORM

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Time's up

How the Legal Services Act will affect your firm, and what you should be doing about it. Now.

Interview:

Time to reset?

Alternative business structures expert and top-100 law firm consultant Paul Harding on what consumer-facing firms have to change to compete

Feature:

A brand new start

What law firms are doing today to re-engineer themselves as fitter, faster and more competitive – before the LSA bites

Plus:

Case studies on outsourcing switchboard and practice management IT
Analysis from expert suppliers on workflow technology, e-discovery, business process automation, reforming client service and the cloud

ANALYSIS EFFICIENCY THROUGH TECHNOLOGY

Lean machines

LexisNexis Enterprise Solutions' general manager, Tim Cheadle, on why process and efficiency are key to law firm profitability, and how law firms aiming for these goals will be more competitive

Addressing the Birmingham Law Society last year, justice secretary Ken Clarke said that as many as 3,000 high street firms may disappear in the UK after alternative business structures (ABSs) come into being. This is something we'll have to wait to see – the Solicitors Regulations Authority will only begin licensing ABSs in early 2012.

But commoditisation of services and products is well under way across a number of industry sectors, and the coming of the Legal Services Act 2007 has triggered this trend in the legal sector.

This subject has been extensively debated, but one could argue the point that the commoditisation of legal services should not be considered any different, or less useful, than in any other sector. You can buy insurance, mobile phone contracts and

mortgages from supermarkets or similar sellers today – why not legal services?

Regardless of the rights and wrongs of the reforms, the opportunity for new legal market entrants is huge, and many corporate brands are already queuing up to become legal services providers – WHSmith, the Co-Operative Group, AA, Saga, Which? and Halifax spring to mind.

So, some serious challenges clearly lie ahead. Competing with large corporates with financial muscle, strength of brand and well-oiled marketing machinery and access to customers will not be easy.

Moreover, securing funding – which was rarely an issue for law firms prior to the recession – can no longer be taken for granted. Following recent insolvencies in the sector, such as Halliwells and Howreys, banks no longer consider law firms to be low-risk. They

are now demanding evidence of advanced financial management, alongside assurances that practices are being run profitably. The financial challenges will only worsen with the professional indemnity renewals due the week this **Briefing** is released.

Operational efficiency will be key to profitability

To deal with these challenges, law firms must learn to operate in a more competitive, enterprise-like manner.

Ironically, in all this change, the need to adhere to the traditional business values of efficiency, cost-reduction and innovation to win and retain customers has never been greater. Increased price competitiveness, reduced budgets and a shift towards alternative fee arrangements makes operational efficiency

imperative.

Firms must also free up latent capacity to develop new services and act on the opportunities these 'new normal' conditions will bring.

As an enabler, IT will be instrumental in achieving this goal. When planning for IT requirements against this backdrop, IT outsourcing is worth considering – in finance terms, it instantly moves IT from being a capital to an operational expenditure. It also shifts the IT department's responsibility from day-to-day administration towards acquiring and developing technology that will positively impact the firm's bottom line.

To illustrate, Your Conveyancer, a Scotland-based volume conveyancing provider, has implemented Visualfiles, LexisNexis's case management system, as a fully managed, hosted solution.

Because Visualfiles is a

Lean machines cont.

hosted solution, the firm has been enabled with workflow-based technology without incurring the additional capital expenditure that would have been required in a traditional IT environment, such as software licences and hardware. On top of that, the firm has 24x7 technical support 'on tap', and disaster recovery is offered as part of the managed service.

Hosted IT is giving the firm enhanced flexibility, scalability and reliability – and staff can access Visualfiles from anywhere in the world, reliably and securely. Better still, this IT model is supporting the firm's strategy and online business diversification objectives, because it allows Your Conveyor to recruit staff based purely on merit, regardless of where they are located.

The technology needs of law firms vary, and the hosted model is not suitable for all. But, whatever model they adopt, law firms need to make sure the technology they deploy is workflow-based and delivers business process automation.

Contrary to the traditional approach of focusing only on legal process efficiency, firms now need to look for business process efficiency

and underpinning them with a technology solution.

Integrated practice management solutions based on Microsoft technologies are a good route to achieving this. Such solutions seamlessly integrate all core functional business areas of a legal business, such as billing, customer relationship management, document management, risk management and compliance, workflow and key perform-

their disposal immediately on joining – which means they are billable within a reduced amount of time.

Over in business development, the bid and tender management process can be streamlined to ensure that only the most appropriate personnel and references are included. Using embedded analytics, the team can then also calculate if the prospect would be a long-term profitable opportunity.

And, by streamlining processes, finance can provide clients with a transparent view of fees structures in real time, safe in the knowledge that all the information is accurate and fully auditable.

The answer to the question "how do we become more competitive after the LSA", therefore, is clear.

"Firms now need to look for business process efficiency that extends beyond legal activities and spans every aspect of the business."

Tim Cheadle, LexisNexis Enterprise Solutions



Streamline your business processes for an integrated business environment

The emergence of ABSs will increase competition, but they also present an opportunity for small and medium-sized firms.

Delivering legal services is not the expertise of super-markets and co-operatives. I think the trend of outsourcing legal work to smaller firms will increase significantly, and those practices that have the right technology in place will be well positioned to secure this business.

that extends beyond the legal activities and spans every aspect of the legal business, from finance and accounting to customer relationship management, from business development to HR.

A tried and tested way of achieving operational efficiency that impacts the bottom line is by streamlining and automating underlying business processes.

Business process automation, essentially, involves taking existing processes and making them more efficient by applying business rules

ance indicators. But they also crucially provide close integration with Microsoft Office, which delivers productivity gains, cost savings and overall business efficiency. Microsoft-based solutions are also relatively future-proofed, which means law firms can maximise their technology investments for the long term.

Let me give you an example of this in action:

In HR, the process employed for new joiners can be automated and honed to ensure that fee-earners have the training and tools at

Given the increasing competitiveness and regulatory compliance complexity following the final phase of the LSA, any legal business must be underpinned with technology to drive efficiency, reduce business risk of professional negligence, speed up service delivery and ensure compliance.

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