

Three Tech Trends Small Law Firms Should Watch

Legal technology has reached a tipping point within specialized law.

For a long time, technology exacerbated the gap between large law firms and their smaller counterparts. Advanced technology came with high price tags. That expense provided well-heeled clients and law firms (typically, the larger ones) access to tools that smaller clients and firms could not afford. This was a pattern that repeated itself over time. The introduction of copying machines, mainframe computers and personal computers—each of these advances advantaged large firms over smaller ones, at least for a time. And to some extent, the pattern continues today. The International Legal Technology Association's [2017 Technology Survey](#) revealed that firms with more than 700 attorneys are much more likely to own blade servers (83 percent) than firms with fewer than 50 attorneys (22 percent).



But now, something different is happening with legal technology. Rather than widening the gulf between large practices and small practices, it is narrowing it. Instead of acting as a force separating law firms into haves and have nots, it is having a democratizing effect.

This is happening for many reasons, including increased pricing pressure on law firms since the Great Recession, which has driven considerable investment in legal tech. But one major cause is this: technology is making a wide array of law firm operations more affordable than they used to be. Cloud-based document management systems, for instance, are cheaper than maintaining physical storage. Even the considerable expense of owning or renting office space is no longer necessary, thanks to the many ways that technology makes it possible to work remotely. According to the latest ABA Legal Technology Survey Report, an annual survey of some 70,000 practitioners, even among lawyers with physical offices, more than three-quarters of them regularly work from home.

As small and midsize firms leverage these cost-cutting tools, they are able to compete on equal footing with larger firms. That is the story of small law firms and technology over the last decade writ large. But the use of technology continues to evolve, and as we look closer we can spot additional trends that are relevant to nearly all small law firms. Here are three that are especially noteworthy:

Small firms lead the way in using practice management software:

For the first time ever, more than half of practitioners report that they have access to practice management software. If the availability of this software is the good news, the bad news is this: many fewer lawyers actually use it. In fact, the percent of attorneys who put their practice management software to use is a mere 34 percent.

Breaking things down further, it appears that midsize firms use practice management software to a greater extent than their larger peers. Firms with between two and nine attorneys used practice management software at a higher rate (45 percent) than any other grouping. Firms with 10 to 49 attorneys (34 percent) and 50 to 100 attorneys (41 percent) also used practice management software relatively heavily. Meanwhile, a mere 19 percent of firms with between 100 to 500 attorneys reported using practice management software.

There's reason to doubt that smaller firms may be that far ahead in their use of practice management software—one of those reasons being confusion over terminology. Practice management software generally refers to platforms that assist law firms with everything from billing to document management to case management. But when asked about their use of specific software, respondents identified some tools

used for email and litigation support that don't fit the accepted meaning of practice management software.

Qualms about cloud services are in the rear-view mirror:

Law firms have been slow to make the transition to cloud services due to security concerns. But, we have reached a tipping point. For the first time, the latest ABA survey puts the number of lawyers using cloud-based services at more than 50 percent. It's a slim majority at

52 percent, but a dramatic increase from the ABA's 2015 survey, when little more than 30 percent of respondents reported using cloud-based services.

Small firms are leading this trend. In another annual survey—the 2016 ILTA/Inside Legal Technology Purchasing Survey—small firms were the most aggressive in expressing their intent to move to cloud-based systems. They appear to be following through on that promise. While we know from the ABA that 52 percent of all lawyers are accessing the

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cloud, the usage rate at small firms reached even higher, hitting 56 percent last year. That's up a full 10 percentage points from 2016 and puts a growing majority of small-firm attorneys on board with the cloud-computing trend.

Machine learning hasn't taken over: There's so much talk about artificial intelligence and machine learning that it can be almost deafening. But when it's time to stop theorizing about the profession and actually practice law, things quiet down considerably. In the [2017 ILTA survey](#), almost nine out of 10 respondents said that they are not using machine-learning-based tools. That's an amazing statistic—one that should perhaps be taken with a grain of salt,

given that people have different understandings of the term “machine learning.” But when 89 percent of the tech-savvy ILTA crowd acknowledges that machine learning has not worked its way into their practices, it tells you something.

This is not to say that small firms should not investigate machine learning tools. It does indicate, however, that those who adopt them today are early experimenters. And if machine learning is going to take over the legal profession, we've got a few years left before that happens. In other words, it feels like it has arrived, but it may be some time before we truly understand and realize the full impact machine learning will have on the practice of law.



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