



4 Ways that Law Firms Benefit from Legal Analytics

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10 Categories of Legal Analytics

The term “Legal Analytics” has evolved from its original description of data insights that assist litigation strategy to its broader current usage that incorporates a wide range of applications to the business and practice of law. Here are 10 categories of legal analytics emerging in the legal services marketplace:

- Research Analytics
- Docket/Judicial Analytics
- Billing/Practice Management Analytics
- Case Analytics
- E-Discovery/Big Data Analytics
- Compliance Analytics
- Contracts Analytics
- Document Automation Analytics
- Risk Analytics
- Tax Analytics

It is instructive—and surprising to many legal professionals—that the term “Legal Analytics” didn’t exist as a legal industry term of art five years ago. When Lex Machina first started using that term in 2013, we defined it as docket-based litigation analytics, which is what we provide. We were really interested in uncovering meaningful patterns in data about prior litigation as a way to help litigators win cases and land clients.

Since that time, “Legal Analytics” has evolved to incorporate a wide range of meanings, many of which relate to products that were already in the marketplace, but were sold and deployed as products within various industry categories. Indeed, the term is now generally accepted to refer to the application of data to guide the business and practice of law in a wide range of practical areas.

As one of the pioneers in this field, we wanted to help support the further development of Legal Analytics by creating a baseline of knowledge about the progress made and the opportunities in front of us to generate even deeper and wider applications of analytics in the legal services industry. So we recently partnered with ALM Legal Intelligence to survey leaders of the Am Law 200 regarding their opinions on the value of Legal Analytics, and their views on how law firms can leverage the power of analytics to better deliver legal services to clients and more effectively operate their businesses.

For purposes of the survey, Legal Analytics were defined as tools and/or capabilities powered by artificial intelligence technology capable of sorting through huge amounts of data to find trends of value to attorneys. ALM surveyed more than 300 litigators, trial attorneys and librarians at Am Law 200 firms in the fall of 2017. Of note, 90 percent of respondents who used Legal Analytics during the past three years see value to their firms, with nearly one-third reporting that analytics are “invaluable” to them.

The study revealed a variety of important benefits that law firms obtain from their use of analytics. The purpose of this white paper is to share these findings with the legal services marketplace and to provide some examples of best practices within four of these areas in order to illustrate that Legal Analytics are not just a promise for the future; they are very real and immediate assets that are making an impact right now.

#1: Win the Case

A benefit of particular note to Am Law 200 firms—nearly all of who have robust litigation practices—is the ability to leverage Legal Analytics to help win cases for clients. Ninety-eight percent of those who have used Legal Analytics for litigation said they found them to be useful for determining strategy for particular courts or judges, and 88 percent of survey respondents who said Legal Analytics were important for winning cases indicated their firm’s use of analytics will increase in the future.

Legal Analytics can equip litigators to improve their chances of winning cases by revealing meaningful patterns in data about prior litigation. If a lawyer needs to persuade a judge to grant a transfer of venue in litigation, they can see what trends emerge from all of the judge’s transfer orders in prior cases. If the lawyer wants to predict how long a case will last, Legal Analytics can provide granular data about time to trial and time to termination for every federal judge. In addition, litigators can obtain intelligence about opposing counsel, such as their client lists, total open cases and relevant experience.

#2: Get the Case: Attracting New Clients

Another key benefit revealed in the ALM survey was the role that Legal Analytics can play in attracting new client business, with 82 percent of respondents who find value in this area reporting their use of analytics will likely increase.

Legal Analytics can help law firms attract new clients by giving them a competitive advantage with marketing and business development. Law firms use data and insights to quantify their relevant experience, compare it with their competitors and quickly assemble winning pitch decks. They also use analytics to demonstrate specific subject matter expertise, familiarity with opposing parties and counsel, experience in front of a specific judge and available bandwidth.

#3: Pricing Projects

A third frequently mentioned benefit in the ALM survey was the role that Legal Analytics can play in pricing legal projects, with 90 percent of respondents who find value in this area reporting their use of analytics will increase.

Legal Analytics can provide law firms with objective data to help them price their services more aggressively and remain competitive. For example, some innovative firms evaluate Legal Analytics to help them make better, more effective staffing decisions on matters for which they’re developing proposals. Good data guides their redeployment of resources and aligns their client billing estimates for a case. “It’s very important to show my clients that we are delivering value and thinking of innovative and cost-effective ways to help them accomplish their business objectives,” said James Yoon, a senior Partner at Wilson Sonsini Goodrich & Rosati, a global law firm that was a pioneer in the use of Legal Analytics.

#4: Cost Savings

Ninety-two percent of respondents who said Legal Analytics were “very or somewhat important” for cost savings indicated their firm’s use of analytics will increase in the future.

“In this ultra-competitive era marked by a shift away from the billable-hour model and traditional ‘pass-through’ pricing, every modern law firm is looking to boost profits and rein in costs,” reported Law.com in January 2018, noting that Legal Analytics can drive cost savings for corporate legal departments and law firms alike. For example, the quick access to strategic insights into law firm operations generates significant time savings for senior partners who can more quickly shift from non-billable administrative work to billable client work. This produces cost reductions for firms and increases their competitiveness.

Conclusion

Originally coined as a term that referred to the use of data patterns as assets to guide litigation strategy, “Legal Analytics” has evolved to take on a much broader definition that incorporates a wide range of applications (see sidebar). In short, when we talk about Legal Analytics today, we’re referring to the application of data insights to guide the business and practice of law in various practical areas.

The Legal Analytics survey, conducted by ALM Legal Intelligence, creates a baseline of knowledge about how leaders of Am Law 200 firms view the value of Legal Analytics, and their perspectives on how law firms can leverage analytics to better serve clients and run their businesses. The primary benefits identified by these participants illustrate that Legal Analytics are delivering practical results to enhance the business and practice of law right now, with tremendous promise for innovation in the future.

Survey Methodology

ALM conducted research on behalf of LexisNexis to better understand how lawyers and their firms use legal analytics in their litigation practices. For purposes of the survey, legal analytics is defined as “tools and/or capabilities powered by artificial intelligence technology capable of sorting through huge amounts of data to find trends associated with specific courts, judges, expert witnesses, etc.”

ALM surveyed litigators, trial attorneys and librarians at Am Law 200 firms between October 18 and November 6, 2017. A total of 321 respondents participated in the survey, although not every participant answered every question. All responses were aggregated and are not traceable to any firm or respondent.

The survey was administered as a research study by ALM Legal Intelligence. An initial question asked respondents whether they or their firm used legal analytics. Those who answered “yes” were asked seven additional questions. Those who answered “no” were asked three follow-up questions, and those who answered “don’t know” were asked two follow-up questions.

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About Josh Becker

Josh is a thought leader on leveraging technology to improve the business and practice of law. As CEO of Lex Machina, Josh directs strategy and continues to drive innovation for the award-winning Legal Analytics platform. At LexisNexis, Josh plays an important role in guiding the company's overall analytics strategy. He also leads the LexisNexis Legal Tech Accelerator, guiding next generation legal tech start-ups and helping them succeed. Josh earned a joint J.D./M.B.A. from Stanford University and a B.A. from Williams College.