Wolters Kluwer

The 2021 Wolters Kluwer Future Ready Lawyer

Moving Beyond the Pandemic
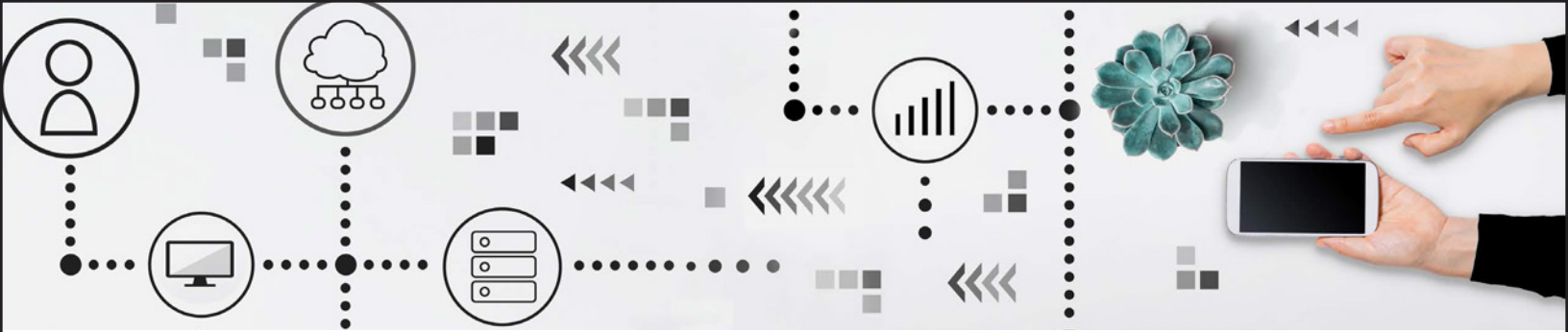
SURVEY REPORT

Introduction

The *Wolters Kluwer Future Ready Lawyer Survey* was first undertaken three years ago to provide insights into the ongoing evolution of the legal profession and how well-prepared legal professionals were to face the future. Transformation had been ongoing for years – driven by economic, demographic, regulatory, technology and competitive demands – although moving more slowly in the legal profession than expected, or perhaps hoped for.

Then, the COVID-19 global pandemic hit: an unforeseen force that was both a catalyst for immediate change in response to crisis, and a time machine that permanently accelerated the transformation of the legal profession. How did it impact legal professionals? How has it changed needs and expectations? Did legal organizations that had already begun to step up transformation step further ahead?

The *Wolters Kluwer Future Ready Lawyer Survey* has a unique perspective into firms and corporate legal departments in this context. The 2020 survey was issued in January 2020 – just before the crisis fully took hold in most countries in Europe and in the U.S. The 2021 survey was issued in March 2021, one year into the crisis as many professionals were emerging with a better understanding of the impact on their organizations and implications for the future.

The *2021 Wolters Kluwer Future Ready Lawyer Survey: Moving Beyond the Pandemic* includes insights from 700 legal professionals across nine European countries and the U.S. The survey examines issues and trends affecting the future of law as organizations work to both rebound from the challenges of the past year, and position themselves

for higher performance ahead. The report focuses on survey findings, with insights and information related to the impact of the pandemic on legal professionals' plans, priorities and perspectives.

Key Findings

For many legal professionals, 2020 quickly changed from a year of business as usual to a year of survival, as organizations navigated through unprecedented times to move from crisis to response to recovery. And now, with recovery still underway, organizations must also focus on bolstering their readiness for the new "business as usual" ahead – whatever that may be.

The *2021 Future Ready Lawyer Survey* findings show clearly that the transformation dynamic in the legal profession has been accelerated by the pandemic. Overwhelmingly, trends and priorities already in place gained new ground.

The ability to use technology to ensure performance became more important as the pandemic sent professionals out of the office and into their homes where they interacted remotely with clients, colleagues and the courts. The crisis made clear that technology solutions are essential to business resilience and client service. The survey also confirms that professionals see digital transformation and technology as a key driver of improved performance, efficiency and productivity ahead and that increased use of and investment in technology solutions will continue.

Corporate legal departments, pressured by more demanding workloads and budget constraints, are turning to technology to automate work and improve productivity. Increasingly, they are also looking to control costs by leveraging sources beyond their law firms: the pandemic may have further opened up the legal playing field. Corporate departments also expect their law firms to be tech-enabled – in fact, they are demanding it.

Law firms, pressured to perform through the crisis and driven by changing client expectations, realize the intensifying importance of technology to enhance client services as well as their firms' operations, productivity and efficiency. They report they are investing more in technology. Law firms are also increasingly focused on specialization and greater collaboration and transparency with clients, as they seek to strengthen relationships and deliver value.

In the future, we will understand more fully which short-term impacts and lessons learned will translate into long-term change, but one thing is certain: the digital transformation of the industry gained unprecedented momentum, which continues today. In the past year, technology was a lifeline to the legal profession, in serving clients, connecting with colleagues and driving efficiency and productivity. As the industry continues to recover and a "new normal" emerges, technology will be a driving force. The question remains, who will be future ready?

> While the pandemic pressured the legal industry worldwide, agile organizations that embraced new ways of working during the crisis will emerge stronger.

As the industry continues to recover and a "new normal" emerges, technology will be a driving force. The question remains, who will be future ready?

Overall Trends

- Overall, 36% or fewer lawyers say their organization is very prepared to keep pace with the most significant trends they believe will have an impact over the next three years.

- The two top trends cited by legal professionals as having the biggest impact on their organizations over the next three years are: Increasing Importance of Legal Technology (77%); and Coping with Increased Volume and Complexity of Information (77%).

  Yet, only 33% say their organization is very prepared to address the Increasing Importance of Legal Technology and only 32% are very prepared to address Coping with Increased Volume and Complexity of Information.

- The Growth of Alternative Legal Service Providers (ALSPs) was the trend that saw the biggest gain over 2020, up 6 points to 74% in 2021. Coping with Increased Volume and Complexity of Information was next highest, with a 5-point gain to 77%.

Client-Firm Relationships

- The gaps between corporate legal departments' expectations and law firms' capabilities and services continued in 2021, with firms falling short.

- Legal departments assessed the attributes most important to them when choosing a firm and how well their firm delivers. Fewer than one-third of firms fulfilled these top-five attributes very well:
  — Trust in the Firm to Meet Our Needs;
  — Specializes in the Types of Services We Need;
  — Uses Technology to Deliver the Best Services Possible;
  — Demonstrates Efficiency and Productivity; and
  — Equips Staff with the Right Tools to Perform Our Work.

- Gaps in firms' abilities to deliver on client expectations have implications for satisfaction rates: 51% of corporate lawyers are somewhat satisfied with their relationship with their law firm; only 30% are very satisfied.

- More legal departments plan to switch firms: 24% of corporate lawyers say they are very likely to switch firms compared to just 13% in 2020.

- In 2021, the importance clients placed on law firms' use of technology surged, with the highest gains over 2020 for Uses Technology to Drive Productivity/Efficiency; and Uses Technology to Deliver Best Service Possible.

- Within three years, 91% of legal departments expect to ask prospective firms about their technology use – a 10-point increase over 2020.

Corporate Legal Departments

- 57% of legal departments say they will increase their technology investment, up from 51% in 2020.

- Top changes legal departments expect in the next three years include: Greater Use of Technology to Improve Productivity; Greater Collaboration and Transparency Between Law Firms and Clients; Increased Emphasis on Innovation; and Greater Use of Alternative Fee Arrangements.

- The leading technologies legal departments plan to invest in include: Collaboration Tools for Document and Contract Drafting/Reviewing; Automation of Document and Contract Creation; Corporate e-meeting and e-voting Management; Workflow Management and Process Automation; and Document and Contract Workflow Management.

- Top challenges for legal departments include: Automating Routine Tasks and Leveraging Technology in Work Processes; Reducing/Controlling Outside Legal Costs; and Managing the Growing Demands on the Corporate Legal Department.

- 82% of corporate legal departments say it's important the law firms they work with fully leverage technology.

- The expected impact of transformational technologies increased across the board. 75% of legal departments now expect Big Data and Predictive Analytics to have an impact on their organizations over the next three years, up from 67% in 2020. Fewer than one-third say they understand these technologies very well.

- Facing budget pressures, 78% of legal departments expect Greater Use of Alternative Fee Arrangements.

- Expected use of third-party resources, contract staff, ALSPs and non-legal staff all grew over 2020. Increased insourcing of legal work is also projected.

Law Firms

- 63% of law firms say they will increase their technology investment, up from 60% in 2020.

- The majority of law firms expect to see changes in how they deliver services moving ahead. Top changes law firms expect to make over the next three years include: Greater Specialization of Legal Services Offered; Greater Use of Technology to Improve Productivity; Increased Emphasis on Innovation; and Greater Collaboration and Transparency with Clients.

- The leading technologies law firms plan to invest in include: e-signature; Automation of Document and Contract Creation; Collaboration Tools for Document and Contract Drafting/Reviewing; Document and Contract Workflow Management; and Cloud-based Services.

- Firms are accelerating initiatives to improve efficiency, productivity and client services. 74% report they are Investing in New Technology to Support Firm Operations and Client Work; 42% are Creating Dedicated Innovation Function/Focus; and 42% are Formalizing Client Feedback Approach – all up over 2020.

- The expected impact of transformational technologies is on the rise. 69% of law firms expect Big Data and Predictive Analytics to have an impact on their organizations over the next three years; up from 58% in 2020. Just 22% say they understand these technologies very well.

- 36% or fewer law firms believe their firms are very prepared when it comes to key technology, client-focus, organizational and staffing issues important to their firms.

Technology

- 58% of lawyers expect investments in software over the next 12 months to increase, while 16% expect a decrease. Over the next three years, 61% of legal organizations expect their technology investments to increase and just 6% anticipate a decrease.

- Cloud-based services are among the technologies lawyers are investing in over the next three years, with 71% of legal departments and 75% of law firms planning to do so.

- Legal professionals most commonly report Organizational Issues as the top reason why new technology is resisted in their organizations.

- *Technology Leaders* – those legal organizations identifying as fully leveraging technology today – continue to show a competitive edge. *Technology Leaders*:
  - Were more prepared to continue business during the pandemic: 46% of *Technology Leaders* reported they were very prepared to support clients remotely when the pandemic began, compared to 20% of *Transitioning* and 8% of *Trailing* organizations.
  - Were more likely to report profitability, with 47% of *Technology Leading* lawyers reporting profitability increased over the past year, compared to 28% of *Transitioning* and 13% of *Trailing* firms.
  - Were more likely to report their business increased, despite the pandemic.
  - Continue to invest more in technology, with 65% of *Technology Leaders* planning to increase their technology investment over the next three years.

Pandemic Insights

- 91% of legal organizations say technology has been very important/important to them in delivering client services during the pandemic; yet just 30% were very prepared to transition to supporting clients remotely at the start of the crisis.

- 80% of lawyers report that their needs for technology solutions have increased as a result of the pandemic.

- The pandemic put increased pressures on business: 40% of lawyers said their business decreased and 51% of them do not see business returning to pre-pandemic levels until 2022. Additionally, 61% of legal organizations have cut costs over the past year.

Leading Trends Across the Legal Profession

Following an exceptionally challenging year, lawyers expect the trends they've already been facing to accelerate across the board as they move beyond the pandemic. The top two trends expected to impact most legal organizations, according to the *2021 Future Ready Lawyer Survey*, are:

- Increasing Importance of Legal Technology – 77%; and
- Coping with Increased Volume and Complexity of Information – 77%.

Rounding out the top five trends are:

- Meeting Changing Client/Leadership Expectations – 76%;
- Ability to Acquire and Retain Talent – 76%; and
- Emphasis on Improved Efficiency/Productivity – 75% (Figure 1).

Clearly, firms and legal departments are facing mounting pressures across multiple fronts, as the impact of each trend the survey has examined over the past three years has increased each year. The trends experiencing the greatest increases between 2020 and 2021 are Growth of ALSPs, up 6 points from 68% in 2020 to 74% in 2021; and Coping with Increased Volume and Complexity of Information, up 5 points from 72% in 2020 to 77% in 2021.
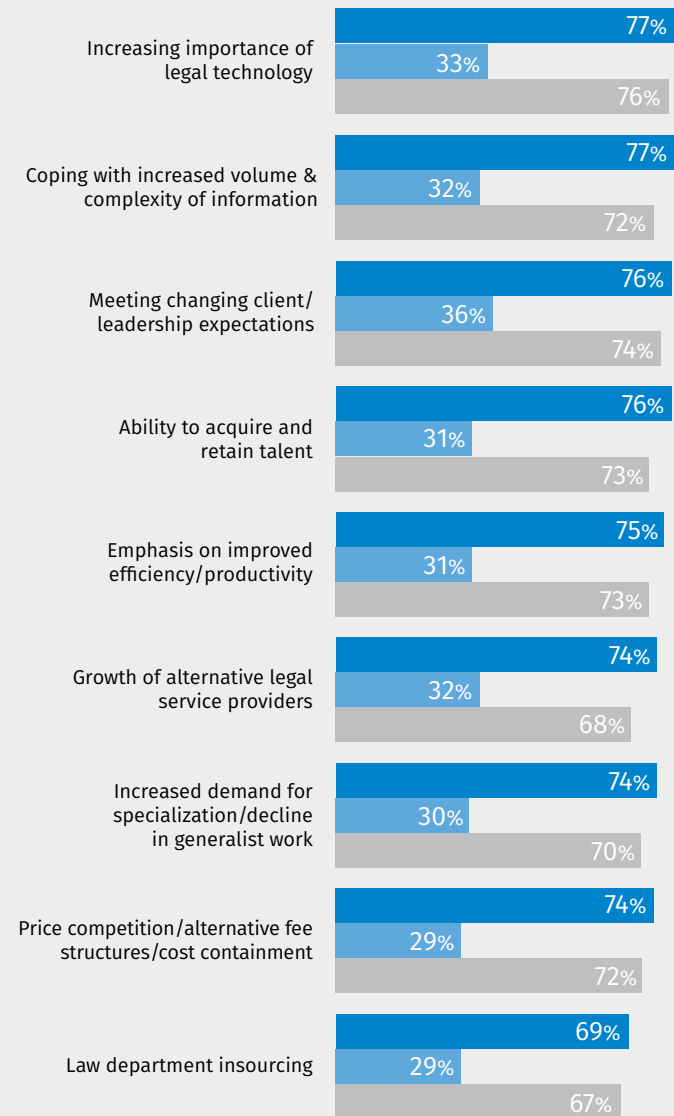
Lawyers also report being incrementally more prepared to address these trends. However, those reporting their organization is very prepared to do so still remains low, at about one-third or fewer, in most instances. This reveals organizations can further strengthen the capabilities they need to meet the growing challenges they are facing.

For example, while the Increasing Importance of Legal Technology is the top trend for two consecutive years, 33% of lawyers believe their organization is very well prepared to address this. Coping with Increased Volume and Complexity of Information is another top concern, yet only 32% of lawyers are very well prepared for it. In both cases, the readiness numbers have improved over 2020 (28% and 29% respectively).

Figure 1: Trends & Readiness to Address

2021 Finding: Majority of legal organizations say these trends will impact them over the next 3 years. Yet, for most trends, fewer than 1/3 believe their organization is very prepared for them.

2021 Trendline: Compared to 2020, Increasing Importance of Legal Technology stays a top trend; Growth of Alternative Legal Service Providers shows biggest gain (up 6 points, from 68%).

Increasing importance of legal technology: 77% / 33% / 76%

Coping with increased volume & complexity of information: 77% / 32% / 72%

Meeting changing client/ leadership expectations: 76% / 36% / 74%

Ability to acquire and retain talent: 76% / 31% / 73%

Emphasis on improved efficiency/productivity: 75% / 31% / 73%

Growth of alternative legal service providers: 74% / 32% / 68%

Increased demand for specialization/decline in generalist work: 74% / 30% / 70%

Price competition/alternative fee structures/cost containment: 74% / 29% / 72%

Law department insourcing: 69% / 29% / 67%

■ 2021 Some/Significant Impact
■ 2021 Very Prepared to Address
■ 2020 Some/Significant Impact

Strengthening Client-Firm Relationships

Clients Expect Technology-enabled Firms

Given that the Increasing Importance of Legal Technology continues to be a top trend, it's not surprising that legal departments are emphasizing the importance for law firms to adopt and optimize their use of technology.

In fact, 91% of corporate legal departments currently ask or plan to ask the law firms they are considering using to describe the technology the firms use to be more productive and efficient. This is a 10-point jump from 2020, when 81% were asking or planned to ask within the next three years (Figure 2).

The pandemic and the need for remote and automated solutions likely helped to accelerate the number of legal departments focusing on this as an evaluation criterion. For example, in 2020, 41% of legal departments said they were already including technology use as an evaluation factor, with an additional 40% saying they planned to add technology as an evaluation factor in the next three years. In 2021,

52% of legal departments now say they ask law firms they are considering to describe the technology they use, with an additional 39% saying they plan to within three years.
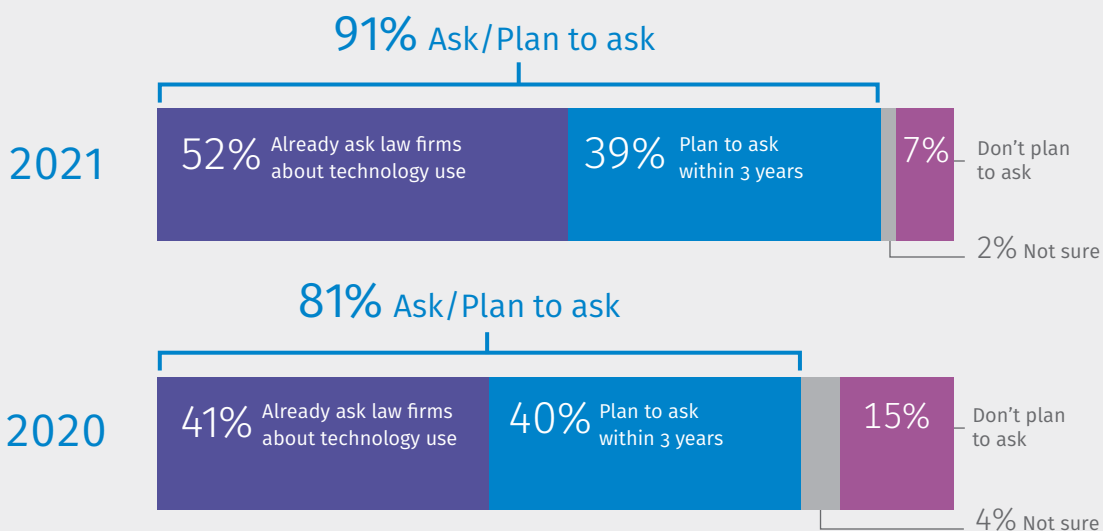
Technology is also a top priority for legal departments when working with their current law firms. Specifically, 82% of legal departments say it's important that the firms they work with fully leverage technology. Slightly fewer law firms (78%) believe legal departments find this important (Figure 3). While this shows a continued gap in client expectations in this area, law firms did make progress in closing the gap – from 73% in 2020 to 78% in 2021.

While technology has increasingly become a key enabler for successful law firms and legal departments, the pandemic put a spotlight on how critical it is to business continuity – in supporting the organization and staff, as well as delivering service – and to future resilience.

In fact, despite the economic challenges of the pandemic, 61% of legal organizations overall plan to increase their technology investment over the next three years compared to 56% last year. Specifically, by segment, 63% of law firms plan to increase

Figure 2: Increasing Importance of Technology as Firm Evaluation Factor

Emerging from the pandemic, far more legal departments (91%) now ask or plan to ask the firms they are considering to describe the technology they use to be more productive and efficient; up 10 points from 2020.

91% Ask/Plan to ask

2021
- 52% Already ask law firms about technology use
- 39% Plan to ask within 3 years
- 7% Don't plan to ask
- 2% Not sure

81% Ask/Plan to ask

2020
- 41% Already ask law firms about technology use
- 40% Plan to ask within 3 years
- 15% Don't plan to ask
- 4% Not sure

their technology investment, while 57% of legal departments plan to do so. Over the next 12 months, 58% of organizations anticipate their investment in legal software will increase, indicating that even in this recovery stage of the pandemic while costs are closely watched, spending on technology is seen as an important investment. (See *Moving Ahead*, pages 27–28, Figure 29.)

Law Firm and Legal Department Expectations and Experiences

The survey found that the gaps between corporate legal departments' expectations and law firms' capabilities and services continued in 2021, with firms falling short.

Technology & the Client-Firm Relationship

- Within three years, 91% of corporate legal departments will ask the firms they are evaluating to describe the technology they use to be more productive and efficient – 52% already do.

- 82% of corporate lawyers say it's important the law firms they work with fully leverage technology.

- 58% of organizations anticipate their investment in legal software will increase over the next 12 months. 61% of organizations plan to increase their technology investment over the next three years.

Figure 3: Firms are Closing the Expectation Gap: Leveraging Technology

82% of legal departments think it's important that the law firms they use fully leverage technology. 78% of law firms believe their clients expect this from them, up from 73% in 2020.

82%
Legal Departments

78%
Law Firms

Figure 4: Leading Factors in Law Firm Evaluation

When evaluating law firms, factors most important to corporate lawyers are a firm's Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes, followed by Specialization. Law firms believe Ability to Understand Client Needs and Partner with Clients is the top criteria on which they are evaluated, followed by Specialization.

Legal Departments: 26%, 20%, 19%, 16%, 10%, 9%

Law Firms: 20%, 25%, 19%, 27%, 5%, 4%

Legend:
- Ability to use technology to improve productivity/efficiency and collaboration/work processes
- Specialization
- Price
- Ability to understand client needs/partner with clients
- Alternate fee arrangements
- Demonstrated process innovation
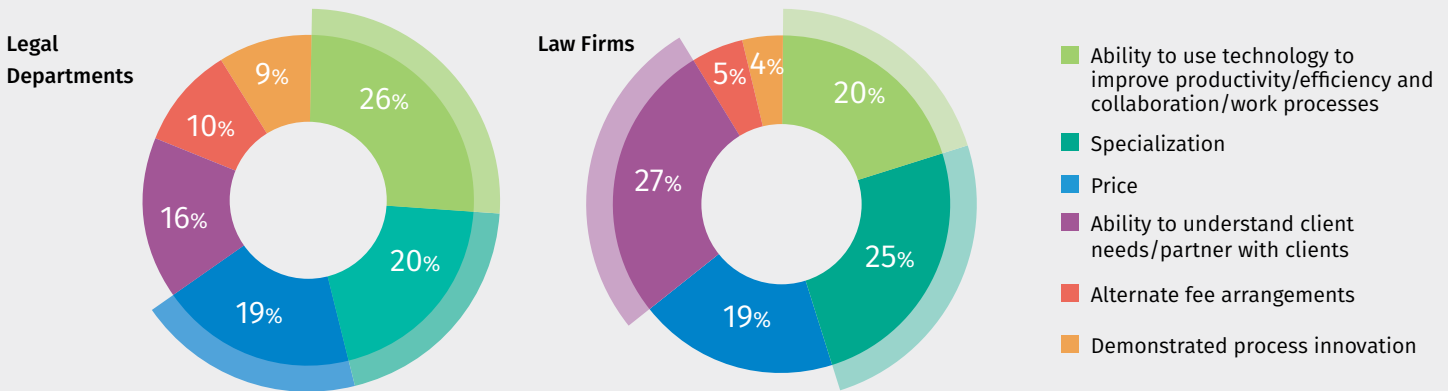
Legal departments use multiple criteria to evaluate law firms, and technology is becoming increasingly important. Overall, the criteria that legal departments rank highest in evaluating firms are:

- Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes;
- Specialization; and
- Price (Figure 4).

Price rose slightly over the past year as an important factor – moving into the top three – as many legal departments face continued pressure to control costs and do more with existing resources.

Law firms had a slightly different perspective on the most important factors clients use in evaluating their law firms, with the top three being:

- Ability to Understand Client Needs/Partner with Clients;
- Specialization; and
- Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes (Figure 4).

Price ranked fourth in firms' assessment of legal departments' expected evaluation factors.

Coming through the pandemic with significantly increased demands on legal departments, the emphasis on technology and automation is clear.

The most cited step legal departments said that firms could do to keep or win their business was to Offer 24/7 Availability/Just-in-time Service, according to survey findings.

Legal departments are increasingly pressured to do more with limited resources. Technology solutions are becoming more important as a means for achieving this, both in their own organization and at the firms they engage.

Specifically, 75% or more corporate lawyers agreed with each of the following statements related to their expectations of the firms they work with:

- Our Organization Expects Our Law Firm to Leverage Technology to Optimize Performance;
- It's Important That Our Law Firm Leverages Technology to Improve Productivity and Efficiency; and
- Our Organization is Becoming More Focused on the Return We Are Getting from Our Law Firm.

Additionally, more than 70% said that their Organization Has Become More Selective About the Law Firm with Which They Do Business and that their Organization Has Become More Sensitive to Pricing.

However, corporate lawyers believe firms could be doing more to support their needs. Across a series of

attributes that legal departments view as important, few say the attributes describe their law firm very well. Law firm attributes most important to legal departments are:

- Trust in the Firm to Meet Our Needs: 80% say important, 30% say it describes their firm very well;
- Specializes in the Types of Services We Need: 79% say important, 31% say it describes their current firm very well;
- Uses Technology to Deliver Best Service Possible: 78% say important, 30% say it describes their firm very well;
- Demonstrates Efficiency and Productivity: 78% say important, 29% say it describes their firm very well; and
- Equips Staff with the Right Tools to Perform Our Work: 78% say important, 28% say it describes their current firm very well (Figure 5).

A notable finding compared to 2020 is further evidence of legal departments' increasing emphasis on technology-related factors, as law firms struggle to keep pace with expectations. As an example, the number of corporate lawyers ranking the importance that their firm Uses Technology to Deliver Best Service Possible, rose from 71% in 2020 to 78% in 2021. However, those saying it described the firms they work with very well increased by only one point – from 29% in 2020 to 30% in 2021.

Trust in the Firm to Meet Our Needs also increased as an important attribute from 76% in 2020 to 80% in 2021. However, the number of corporate lawyers saying that described the firms they work with very well fell from 37% in 2020 to just 30% in 2021. This may reflect a strain in firms' ability to keep up with the new types of needs and increased volume of demands placed on them by corporate clients in a time of unprecedented change.

For some corporate lawyers, the experience of working through the pandemic year may have further influenced the attributes they find important and exposed shortcomings in the firms they've been working with.
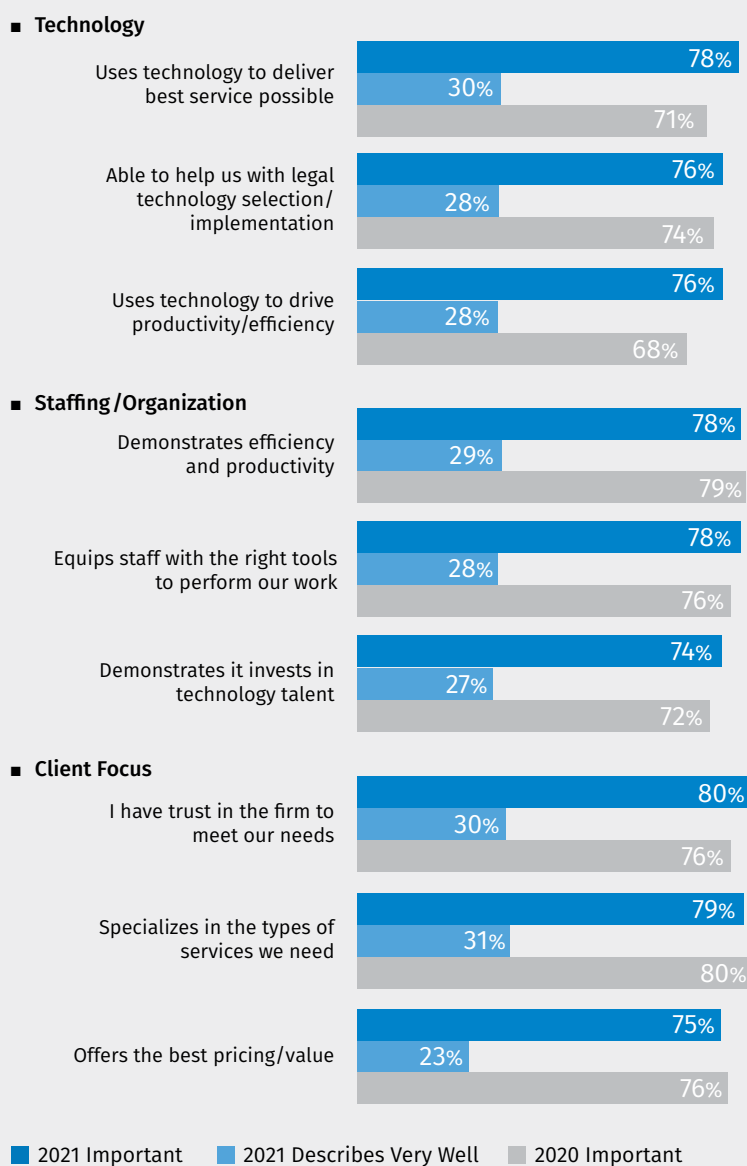
These gaps between expectation and performance are expressed in overall client satisfaction and are even

more telling by the number of legal departments likely to switch firms in the coming year. Specifically, just 30% of corporate lawyers are very satisfied with their relationship with the firms they work with. The majority of legal departments, 51%, are somewhat satisfied

Figure 5: Clients Expect More Than Firms Deliver; Importance of Technology Surges

2021 Finding: More than 70% of legal departments say these attributes are important in choosing a law firm, fewer than 1/3 say any of these attributes describe their current firms very well. Clients' Trust in the Firm to meet their Needs is the most important attribute.

2021 Trendline: The importance of technology surges with highest gains for Uses Technology to Drive Productivity/Efficiency (up 8 points) and Uses Technology to Deliver Best Service Possible (up 7 points).

■ Technology

Uses technology to deliver best service possible
- 78%
- 30%
- 71%

Able to help us with legal technology selection/implementation
- 76%
- 28%
- 74%

Uses technology to drive productivity/efficiency
- 76%
- 28%
- 68%

■ Staffing/Organization

Demonstrates efficiency and productivity
- 78%
- 29%
- 79%

Equips staff with the right tools to perform our work
- 78%
- 28%
- 76%

Demonstrates it invests in technology talent
- 74%
- 27%
- 72%

■ Client Focus

I have trust in the firm to meet our needs
- 80%
- 30%
- 76%

Specializes in the types of services we need
- 79%
- 31%
- 80%

Offers the best pricing/value
- 75%
- 23%
- 76%

■ 2021 Important   ■ 2021 Describes Very Well   ■ 2020 Important

with their current law firm, with 14% neutral and 4% dissatisfied (Figure 6).

Additionally, in the 2021 survey, legal departments say they are more likely to switch firms. In 2020, only 13% of corporate lawyers indicated they were very likely to switch firms; in 2021 that number jumped to 24% saying they are very likely to switch firms.

The leading reason corporate clients would fire a firm is if the firm did not demonstrate efficiency and productivity, followed by lack of trust to meet needs,

lack of specialization, lack of equipping firm staff with the tools needed and firm pricing or value.

In most instances, no single issue is likely the sole reason for a client to end its firm relationship. But it's also clear that only 30% of corporate clients are very satisfied with their firms and, when asked to rate their firms across a series of attributes, fewer than one-third say the desired attributes describe their current firm very well (Figure 5).

The findings overall indicate an opportunity for firms to improve their performance in meeting client expectations and improving client experiences. If firms fail to keep pace with evolving legal department expectations, they increase their risk of being replaced by other law firms, or by greater insourcing of work by legal departments, contract or third-party resources, ALSPs and non-legal staff – all of which were on the rise in the 2021 survey.

Figure 6: Opportunity to Improve Client Satisfaction

While most legal departments are somewhat satisfied with their law firm only 30% are very satisfied, providing an opportunity for firms to improve client satisfaction.

Don't Know	Dissatisfied	Neutral	Somewhat Satisfied	Very Satisfied
1%	4%	14%	51%	30%

Opportunity
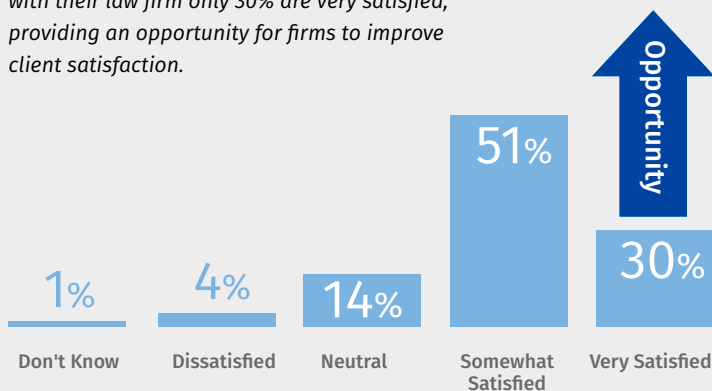
Top 5 Reasons Legal Departments Would Switch Law Firms

1 If the firm did not demonstrate efficiency and productivity

2 If I no longer had trust in the firm to meet our needs

3 If the firm did not specialize in the types of services we need

4 If the firm did not equip its staff with the right tools to perform our work

5 If the firm did not offer the best pricing/value

At a Glance: Strengthening Client-Firm Relationships

Legal Departments' Top Law Firm Evaluation Criteria

- Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/ Work Processes
- Specialization
- Price

Technology Matters

- 78% of legal departments say it's important the firm they choose Uses Technology to Deliver the Best Service Possible
- 76% of legal departments say it's important the firm they choose Uses Technology to Drive Productivity/Efficiency

Satisfaction

- 30% of legal departments are very satisfied with their law firms
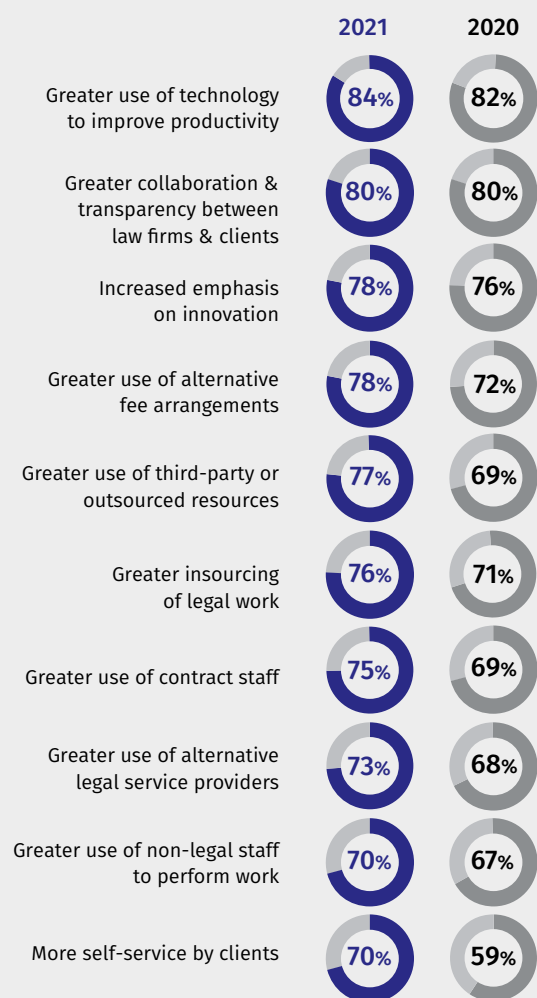- 24% are very likely to switch firms in the coming year

The Changing Legal Department

The pandemic intensified the pressures on legal departments. Faced with significantly increased workloads and tightened budgets, legal departments are increasingly turning to technology solutions to automate work and increase productivity, as they also seek to control spending on outside legal costs.

Figure 7: Expected Changes in Legal Departments

2021 Finding: Majority of corporate lawyers expect changes in how their legal departments deliver services: Greater Use of Technology to Improve Productivity tops the list.

2021 Trendline: Expected changes gained momentum: More Self-service by Clients (up 11 points); Greater Use of Third-party or Outsourced Resources (up 8 points); Greater Use of Alternative Fee Arrangements and Greater Use of Contract Staff (each up 6 points); Greater Insourcing and Greater Use of ALSPs (each up 5 points).

	2021	2020
Greater use of technology to improve productivity	84%	82%
Greater collaboration & transparency between law firms & clients	80%	80%
Increased emphasis on innovation	78%	76%
Greater use of alternative fee arrangements	78%	72%
Greater use of third-party or outsourced resources	77%	69%
Greater insourcing of legal work	76%	71%
Greater use of contract staff	75%	69%
Greater use of alternative legal service providers	73%	68%
Greater use of non-legal staff to perform work	70%	67%
More self-service by clients	70%	59%

Legal departments participating in the *2021 Future Ready Lawyer Survey* indicate their top challenges are:
- Automating Routine Tasks and Leveraging Technology in Work Processes;
- Reducing/Controlling Outside Legal Costs; and
- Managing the Growing Demands on the Corporate Legal Department.

To achieve this, they are investing more in technology, and they expect technology to do more to support their evolving needs.

The top areas where legal departments expect the greatest change over the next three years are:
- 84% expect Greater Use of Technology to Improve Productivity;
- 80% expect Greater Collaboration and Transparency Between Law Firms and Clients;
- 78% expect Increased Emphasis on Innovation; and
- 78% expect Greater Use of Alternative Fee Arrangements (Figure 7).
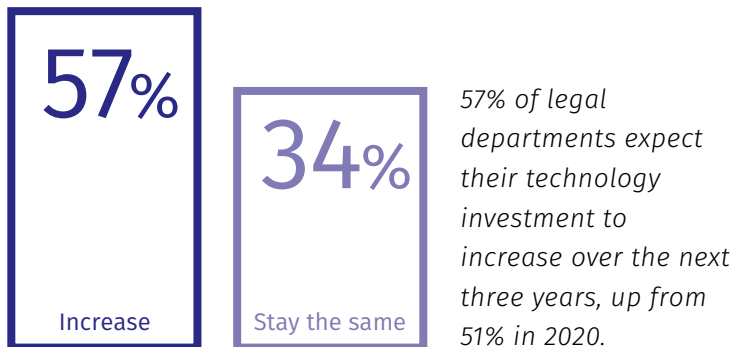
While those are the top areas where legal departments anticipate change, almost all expected changes gained momentum over 2020, with an increased number of legal departments expecting: Greater Use of Third-party or Outsourced Resources (up 8 points); Greater Use of Alternative Fee Arrangements and Greater Use of Contract Staff (each up 6 points); Greater Insourcing and Greater Use of ALSPs (each up 5 points). More Self-service by Clients saw the biggest gain (up 11 points).

While legal departments expect significant change, they also face barriers to implementing change overall, with 60% of corporate lawyers reporting Difficulty of Change Management and Leadership Resistance to Change as a major roadblock to implementing change. Sixty percent also cited Cost of Change as a barrier, up from 50% in 2020, further demonstrating the cost pressures legal departments are under.

Barriers to Implementing Change

60% | Difficulty of change management and leadership resistance to change

60% | Cost of change

Technology Investment

57% Increase

34% Stay the same

57% of legal departments expect their technology investment to increase over the next three years, up from 51% in 2020.

Figure 8: Top Technologies Legal Departments Plan to Invest In

Collaboration, automation, workflow, e-meeting and e-voting top the list of legal technologies lawyers will invest in.

Technology	%
Collaboration tools for document & contract drafting/reviewing	78%
Automation of document & contract creation	77%
Workflow management & process automation	77%
Corporate e-meeting & e-voting management	77%
Document & contract workflow management	76%
Contact and client management, CRM	75%
Document, contract & clause review/comparison/analysis supported by AI	75%
e-signature	75%
Technology for analysis of regulatory & case law to predict claims results	75%
Legal spend management	73%
Cloud-based services	71%
Digital research solutions	71%
Client portals	65%

Legal Departments Investing in Change

As noted, the biggest change legal departments expect ahead is the Greater Use of Technology to Improve Productivity. In support of this change, despite the financial challenges and cost pressures many companies faced as a result of the pandemic, 57% of legal departments expect to increase their technology investment over the next three years. This reflects an increase over pre-pandemic projections in 2020, when 51% said they planned to increase technology investments, according to survey findings.

Collaboration, automation, workflow, e-meeting and e-voting top the list of legal technologies legal departments will invest in. The technologies that 76% or more of legal departments are likely to invest in over the next three years:

- Collaboration Tools for Document and Contract Drafting/Reviewing;
- Automation of Document and Contract Creation;
- Workflow Management and Process Automation;
- Corporate e-meeting and e-voting Management; and
- Document and Contract Workflow Management (Figure 8).

These strategic technology investments support legal departments' priorities to automate tasks and leverage technology in work processes, as they also strive to increase productivity to meet the relentless demands on their departments.

Additionally, 91% of legal departments have undertaken at least one technology advancement initiative, which includes 41% Developing Their Own Legal Technology Solutions In-house (See *Technology Advancement Initiatives* section on page 23, Figure 20).

As a top trend for legal organizations continues to be the Increasing Importance of Technology (Figure 1), barriers to successful technology implementation have implications for legal departments' effectiveness in serving their businesses.

According to survey findings, Organizational Issues top the reasons new technology is resisted, at 47%. This
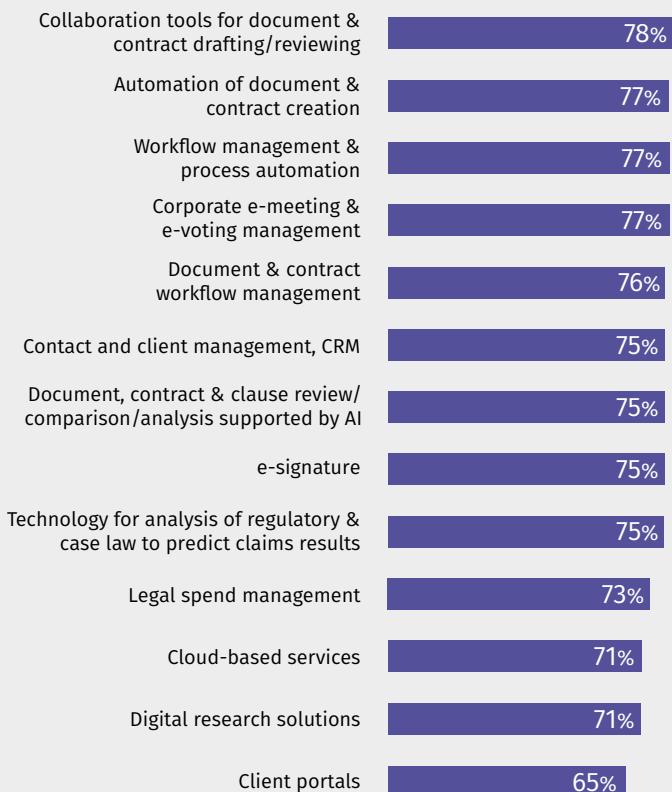
Figure 9: Reasons New Technology Is Resisted in Legal Departments

Organizational Issues continue to be the leading reason new technology is resisted in legal departments.
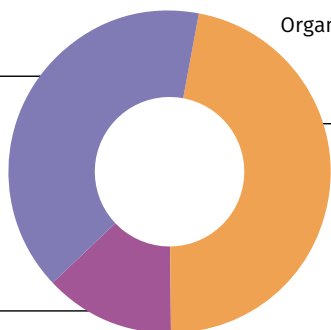
Lack of Technology Knowledge, Understanding or Skills
40%

Organizational Issues
47%

Financial Issues
13%

Organizational Issues

- Lack of an overall technology strategy
- A culture that fears change
- Lack of change management processes
- Difficulty to change workflows
- Leadership resistance to change

Lack of Technology Knowledge, Understanding or Skills

- Lack of IT staff/skills
- Lack of understanding of what technology is available
- Lack of training

Financial Issues

- Overall cost
- Lack of ability to show return on investment

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includes the lack of an overall technology strategy, a culture that fears change, a lack of change management processes, difficulty to change workflows or leadership resistance to change. The Lack of Technology Knowledge, Understanding or Skills is the top reason new technology is resisted by 40% of legal departments. This includes lack of IT staff/skills, understanding of what technology is available or training. Financial Issues, such as the overall cost or inability to show return on investment, continues to decline as a reason technology is resisted, with just 13% of corporate lawyers citing this as the reason in 2021 – down from 15% in 2020 (Figure 9).

Legal Department Change Readiness

Legal departments are facing change and pressure from all sides, yet most do not believe they are very well prepared when it comes to key organizational, staffing and technology needs, according to the *Future Ready Lawyer Survey*.
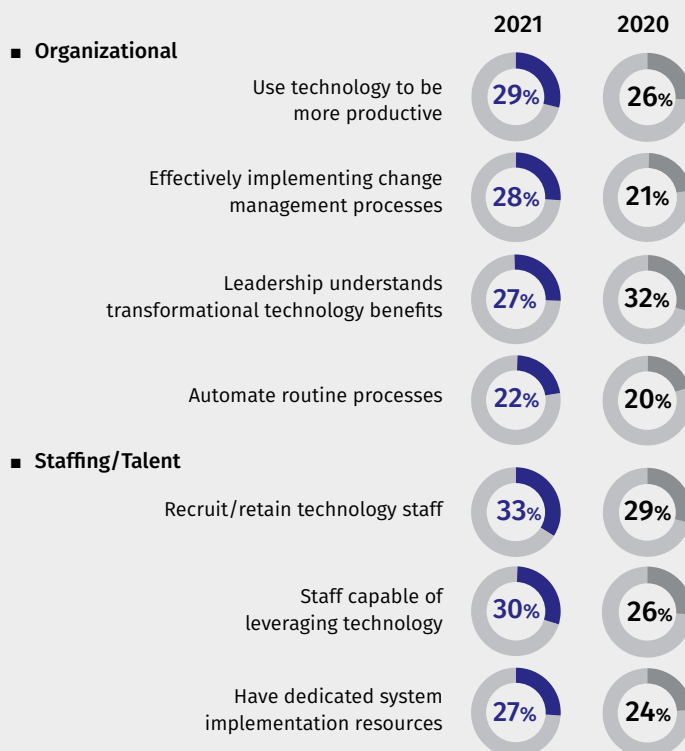
Corporate lawyers identified the need for their departments to be more prepared across several organizational and staffing areas. For example:

- Effectively Implementing Change Management Processes, 28% say their department is very prepared; and
- Recruiting and Retaining Technology Staff, 33% say their department is very prepared (Figure 10).

Figure 10: Preparedness – Organizational & Staffing

2021 Finding: 1/3 or fewer corporate lawyers believe their legal department is very prepared to address these needs.

2021 Trendline: Legal departments made gains in almost every area, with biggest gain over 2020 in Effectively Implementing Change Management Processes (up 7 points from 21%).

	2021	2020
Organizational		
Use technology to be more productive	29%	26%
Effectively implementing change management processes	28%	21%
Leadership understands transformational technology benefits	27%	32%
Automate routine processes	22%	20%
Staffing/Talent		
Recruit/retain technology staff	33%	29%
Staff capable of leveraging technology	30%	26%
Have dedicated system implementation resources	27%	24%

Similarly, across customer service and technology, departments also recognize opportunities to be more prepared. For example:

- Understand Technology Solutions Available, 25% say their department is very prepared; and
- Using Technology to Improve Services, 31% say their department is very prepared (Figure 11).

While up to one-third of legal departments are very prepared to meet any of these needs, the survey found that there have been incremental improvements in almost every area examined, with departments making the biggest gains over 2020 in being very prepared to Effectively Implement Change Management Processes (up 7 points from 21%) and Make Strategic Investments in Technology (up 7 points from 24%).

The importance legal departments place on transformational technologies continued to climb in the 2021 survey, while departments also continue to struggle to understand these technologies very well. Specifically:

- 75% say that Big Data and Predictive Analytics will have an impact on their department over the next three years, up from 67% in 2020; only 32% believe they understand these technologies very well;
- 71% say Machine Learning will have an impact on their department, up from 58% in 2020; only 26% understand it very well;
- 70% say Artificial Intelligence will have an impact on their department, up from 58% in 2020; only 28% understand it very well; and
- 69% say Robotic Process Automation will have an impact on their department, up from 58% in 2020; only 29% understand it very well (Figure 12).

Figure 11: Preparedness – Technology Strategy & Customer Focus

2021 Finding: *Fewer than 1/3 of corporate lawyers believe their legal department is very prepared to address these needs.*

2021 Trendline: *Legal departments made gains in almost every area, with biggest gain over 2020 in Making Strategic Investments in Technology (up 7 points from 24%).*
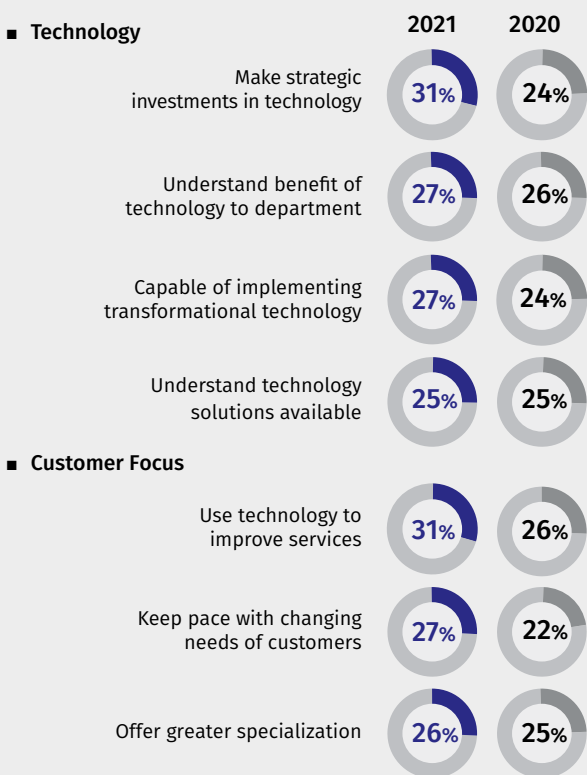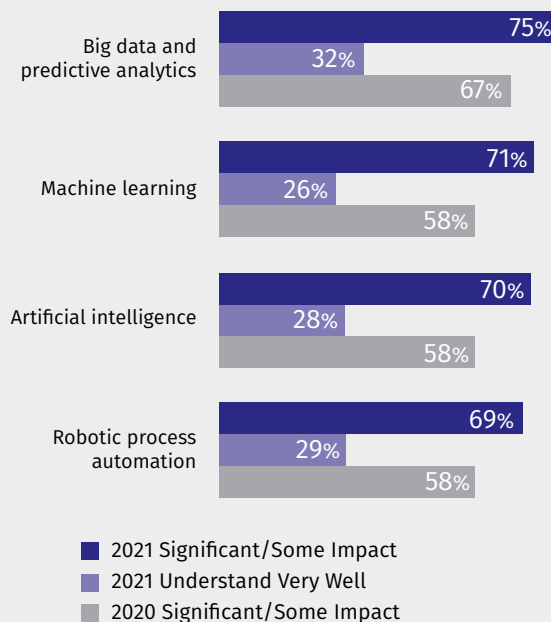
■ Technology	2021	2020
Make strategic investments in technology	31%	24%
Understand benefit of technology to department	27%	26%
Capable of implementing transformational technology	27%	24%
Understand technology solutions available	25%	25%
■ Customer Focus		
Use technology to improve services	31%	26%
Keep pace with changing needs of customers	27%	22%
Offer greater specialization	26%	25%

Figure 12: Transformational Technology Impact & Understanding

2021 Finding: *More than 2/3 of corporate lawyers say these transformational technologies will have an impact on their organization in the next 3 years; fewer than 1/3 understand them very well.*

2021 Trendline: *Impact is up over 2020 in each area, with Big Data and Predictive Analytics still on top, while Machine Learning makes biggest gain (up 13 points).*

Big data and predictive analytics		75%
	32%	
		67%
Machine learning		71%
	26%	
		58%
Artificial intelligence		70%
	28%	
		58%
Robotic process automation		69%
	29%	
		58%

■ 2021 Significant/Some Impact
■ 2021 Understand Very Well
■ 2020 Significant/Some Impact

Compared to 2020 findings, Big Data and Predictive Analytics stayed on top, while Machine Learning made the biggest gain of 13 points. Departments also made incremental gains in better understanding all of these technologies (5-to-9-point gains), yet fewer than one-third still say they understand them very well.

At a Glance: The Changing Legal Department

Top Changes Expected

- 84% expect Greater Use of Technology to Improve Productivity
- 80% expect Greater Collaboration and Transparency Between Law Firms and Clients
- 78% expect Increased Emphasis on Innovation
- 78% expect Greater Use of Alternative Fee Arrangements
- 77% expect Greater Use of Third-party or Outsourced Resources

Reasons Technology Resisted

- 47% cite Organizational Issues
- 40% cite Lack of Technology Knowledge, Understanding or Skills
- 13% cite Financial issues

Technology Investment & Use

- 57% of legal departments will increase their technology investment over the next three years.
- More than two-thirds expect transformational technologies such as Big Data and Predictive Analytics, Machine Learning, Artificial Intelligence and Robotic Process Automation to have an impact within three years. Fewer than one-third understand these technologies very well.
- More than 75% of legal departments expect to invest in the following technologies over the next three years:
  — Collaboration Tools for Document and Contract Drafting/Reviewing
  — Automation of Document and Contract Creation
  — Workflow Management and Process Automation
  — Corporate e-meeting and e-voting Management
  — Document and Contract Workflow Management

The Changing Law Firm

Law firms, already on the cusp of transformation prior to the pandemic, are now reporting accelerated changes across their firms as they move forward. They are working to provide the highest value to clients, as they also counter competition from other law firms, increasing client insourcing and the continued inroads by ALSPs and others.

Figure 13: Expected Changes in Law Firms

2021 Finding: Majority of lawyers in law firms expect to see changes in how they deliver services, with Greater Specialization of Services topping the list, closely followed by Greater Use of Technology.

2021 Trendline: Most expected changes gained momentum over 2020, with surges in Greater Use of Third-party or Outsourced Resources (up 12 points); More Self-service by Clients (up 9 points); and Greater Use of Contract Staff (up 7 points).

	2021	2020
Greater specialization of legal services offered by firms	82%	80%
Greater use of technology to improve productivity	81%	83%
Increased emphasis on innovation	78%	75%
Greater collaboration & transparency between firms & clients	78%	74%
Greater use of alternative fee arrangements	72%	74%
Greater use of non-legal staff to perform work	69%	64%
More self-service by clients	68%	59%
Greater use of third-party or outsourced resources	68%	56%
Greater use of contract staff	65%	58%

Firms anticipate change across practice areas, technology, client relations and staffing. According to the *Future Ready Lawyer Survey*, the areas where most law firms anticipate change in how they deliver services over the next three years include:

- 82% expect Greater Specialization of Legal Services Offered by Firms;
- 81% expect Greater Use of Technology to Improve Productivity;
- 78% expect Increased Emphasis on Innovation;
- 78% expect Greater Collaboration and Transparency Between Firms and Clients; and
- 72% expect Greater Use of Alternative Fee Arrangements (Figure 13).

In almost all areas examined, the changes expected by law firms gained momentum over 2020. Perhaps influenced by the increasing challenges of supporting clients, significantly more law firms now anticipate Greater Use of Third-party or Outsourced Resources (up 12 points); More Self-service by Clients (up 9 points); and Greater Use of Contract Staff (up 7 points).

As firms focus on the increasing expectations of their clients, they are accelerating initiatives to improve efficiency, productivity and client services. Most notably, 74% report they are Investing in New Technology to Support Firm Operations and Client Work (up 7 points from 2020); 42% are Creating Dedicated Innovation Function/Focus (up 8 points); and 42% are Formalizing Client Feedback Approach (up 3 points) (Figure 14).

While firms expect significant changes in the next few years, change implementation is often difficult. According to survey findings, 53% of law firm lawyers report Cost of Change as a barrier to implementing change in their firm and 47% report Difficulty of Change Management and Leadership Resistance to Change.

Barriers to Implementing Change

53% | Cost of change

47% | Difficulty of change management and leadership resistance to change
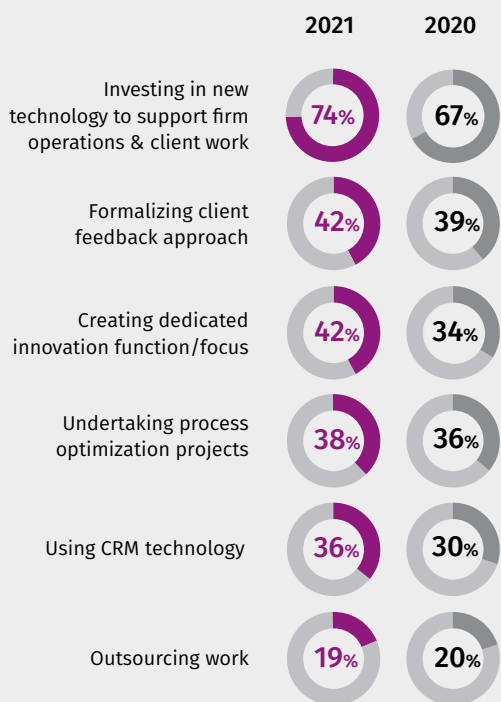
Technology Investment

63% of law firms expect their technology investment will increase over the next three years, up from 60% in 2020.

63%

Increase

29%

Stay the same

Figure 14: Productivity & Service Improvements

2021 Finding: Law firms continue to respond to client expectations by investing in new technology to improve productivity, efficiency and client services.

2021 Trendline: Top 2 gains over 2020: Creating Dedicated Innovation Function/Focus (up 8 points) and Investing in New Technology to Support Firm Operations and Client Work (up 7 points).

	2021	2020
Investing in new technology to support firm operations & client work	74%	67%
Formalizing client feedback approach	42%	39%
Creating dedicated innovation function/focus	42%	34%
Undertaking process optimization projects	38%	36%
Using CRM technology	36%	30%
Outsourcing work	19%	20%

Law Firms Investing in Change

While many firms faced increased financial and cost pressures as a result of the pandemic, they continue to view technology as an important investment in their future ability to thrive. In fact, according to survey findings, 63% of law firms expect their firm's technology investment to increase in the next three years, up from 60% in 2020.

Among technologies that 75% or more law firms are most likely to invest in over the next three years, e-signature tops the list, joined by automation, collaboration and workflow technologies and cloud-based services. Specifically:

- e-signature;
- Automation of Document and Contract Creation;
- Collaboration Tools for Document and Contract Drafting/Reviewing;
- Document and Contract Workflow Management; and
- Cloud-based Services (Figure 15).

Figure 15: Top Technologies Law Firms Plan to Invest In

e-signature tops the list, joined by automation, collaboration, workflow technologies, and cloud-based services.

e-signature	81%
Automation of document & contract creation	78%
Collaboration tools for document & contract drafting/reviewing	77%
Document & contract workflow management	76%
Cloud-based services	75%
Legal spend management	74%
Workflow management & process automation	74%
Digital research solutions	72%
Technology for analysis of regulatory & case law to predict claims results	72%
Contact and client management, CRM	71%
Corporate e-meeting & e-voting management	69%
Document, contract & clause review/ comparison/analysis supported by AI	69%
Client portals	68%

As firms continued to look for ways to support clients through the pandemic, the need for e-signature, automation and cloud-based solutions became increasingly important. Moving forward, firms see a growing benefit in continuing to invest in these technology solutions.

While the Increasing Importance of Legal Technology is named as a top trend in the survey (Figure 1), law firms acknowledge that new technology is still resisted.

Nearly one-half of law firms (47%) cite Organizational Issues as the main reason new technology is resisted in the firm, including lack of an overall technology strategy, a culture that fears change, lack of change management processes and difficulty to change workflows, in addition to leadership resistance to change (Figure 16).

More than one-third of law firms (35%) identify Lack of Technology Knowledge, Understanding or Skills as the top reason new technology is resisted. This includes lack of IT staff/skills, understanding of what technology is available or training. Financial Issues, such as the overall cost or inability to show return on investment, showed a significant decline as a leading reason technology is resisted, with just 18% of law firms citing this as the reason in 2021 – down from 26% in 2020.

To improve technology acceptance, firms need to do more to develop IT skills and educate their staff to help ensure that their technology investments are successful in supporting the future of their firms and growing client expectations. The survey findings indicate that this is something many firms continue to struggle with.

Law Firm Change Readiness

The Ability to Acquire and Retain Talent and an Emphasis on Improved Efficiency and Productivity were among the top trends identified by the survey (Figure 1). These trends require firms to invest in organizational and staffing infrastructure. Yet, most firms acknowledge they have more work to do in these areas.

For example, just 32% of firms say they are very prepared to Use Technology to Be More Productive; 30% are very prepared to Effectively Implement Change Management Processes; and 25% say their firm is very prepared to Automate Routine Processes. In terms of staffing, only 30% say their firm is very prepared with Staff Capable of Leveraging Technology and only 26% are very prepared to Recruit/Retain Technology Staff (Figure 17).

The importance for law firms to leverage technology and strengthen client focus is also clearly shown

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Figure 16: Reasons New Technology Is Resisted in Law Firms

Organizational Issues continue as leading reason new technology is resisted in law firms; Financial Issues drop as a reason from 26% in 2020 to 18% in 2021.
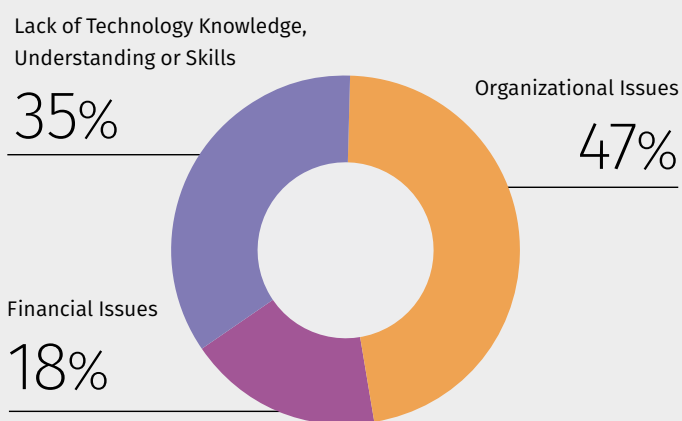
Lack of Technology Knowledge, Understanding or Skills
35%

Organizational Issues
47%

Financial Issues
18%

Organizational Issues

- Lack of an overall technology strategy
- A culture that fears change
- Lack of change management processes
- Difficulty to change workflows
- Leadership resistance to change

Lack of Technology Knowledge, Understanding or Skills

- Lack of IT staff/skills
- Lack of understanding of what technology is available
- Lack of training

Financial Issues

- Overall cost
- Lack of ability to show return on investment

through the survey findings. However, law firms face gaps here as well. For example, fewer than one-third of lawyers say their firm is very prepared when it comes to how well they Understand the Benefit of Technology to the Firm, are Capable of Implementing Transformational Technology, Make Strategic Investments in Technology or Understand the Technology Solutions Available (Figure 18).

Likewise, many lawyers say their firms are not fully prepared when it comes to client-focused areas of change. Only 31% believe their firms are very prepared

to Offer Greater Specialization (Figure 18), even though 82% see Greater Specialization of Legal Services as the top area of change (Figure 13).

While 35% or fewer law firms are very prepared to meet any of these needs, the survey found that there have been improvements in almost all areas examined, with law firms making the biggest gains over 2020 in being very prepared to Keep Pace with Changing Needs of Clients (up 9 points from 25%) and to Effectively Implement Change Management Processes (up 8 points from 22%).

Figure 17: Preparedness – Organizational & Staffing

2021 Finding: 35% or fewer lawyers believe their law firm is very prepared to address these needs.

2021 Trendline: In all areas, law firms made progress over 2020, with the largest gain in Effectively Implementing Change Management Processes (up 8 points from 22%).
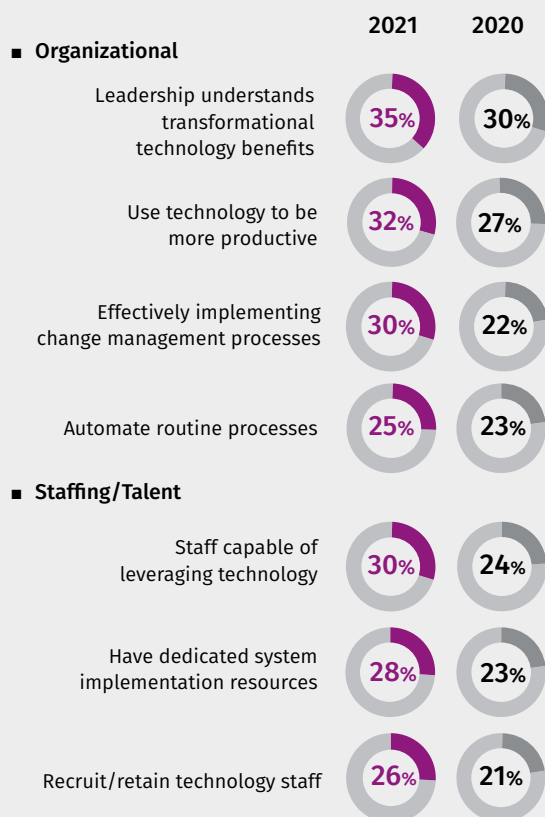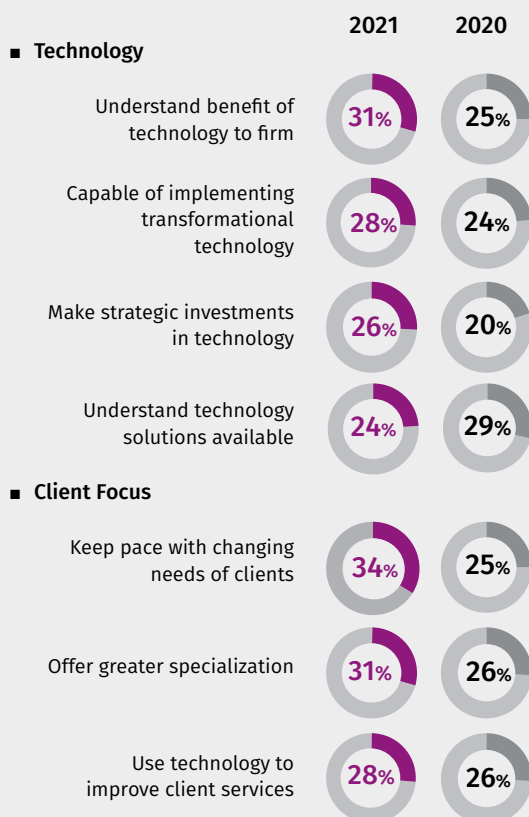
	2021	2020
■ **Organizational**		
Leadership understands transformational technology benefits	35%	30%
Use technology to be more productive	32%	27%
Effectively implementing change management processes	30%	22%
Automate routine processes	25%	23%
■ **Staffing/Talent**		
Staff capable of leveraging technology	30%	24%
Have dedicated system implementation resources	28%	23%
Recruit/retain technology staff	26%	21%

Figure 18: Preparedness – Technology Strategy & Client Focus

2021 Finding: 34% or fewer lawyers believe their law firm is very prepared to address these needs.

2021 Trendline: In almost all areas, firms improved over 2020 with the biggest gain in Keeping Pace with Changing Needs of Clients (up 9 points from 25%).

	2021	2020
■ **Technology**		
Understand benefit of technology to firm	31%	25%
Capable of implementing transformational technology	28%	24%
Make strategic investments in technology	26%	20%
Understand technology solutions available	24%	29%
■ **Client Focus**		
Keep pace with changing needs of clients	34%	25%
Offer greater specialization	31%	26%
Use technology to improve client services	28%	26%

Law firms increasingly realize the impact of transformational technologies, although their understanding of these technologies is not keeping pace.

- 69% say that Big Data and Predictive Analytics will have an impact on their firm over the next three years, up from 58% in 2020; only 22% believe they understand these technologies very well.
- 67% say Machine Learning will have an impact on their firm, up from 57% in 2020; only 22% say they understand it very well.
- 65% say Artificial Intelligence will have an impact on their firm, up from 59% in 2020; only 21% say they understand it very well.
- 63% say Robotic Process Automation will have an impact on their firm, up from 49% in 2020; only 22% say they understand it very well (Figure 19).

Compared to 2020 findings, Big Data and Predictive Analytics moved to the top spot as having the most expected impact, with Robotic Process Automation seeing the biggest gain of 14 points. While firms did make some small progress in better understanding most of these technologies, the increases were slight, ranging from just 1-3 points and signaling a growing gap.

Higher numbers of corporate department lawyers both expect impact from these technologies and believe they understand these technologies very well (Figure 12).

Figure 19: Transformational Technology Impact & Understanding

2021 Finding: More than 60% of law firms say these transformational technologies will have an impact on their firm over the next 3 years; fewer than 25% understand them very well.

2021 Trendline: Impact is up in each area over 2020. Big Data and Predictive Analytics moves to the top spot (up 11 points), with Robotic Process Automation showing the biggest gain (up 14 points).

Big data and predictive analytics: 69% / 22% / 58%
Machine learning: 67% / 22% / 57%
Artificial intelligence: 65% / 21% / 59%
Robotic process automation: 63% / 22% / 49%

■ 2021 Significant/Some Impact
■ 2021 Understand Very Well
■ 2020 Significant/Some Impact
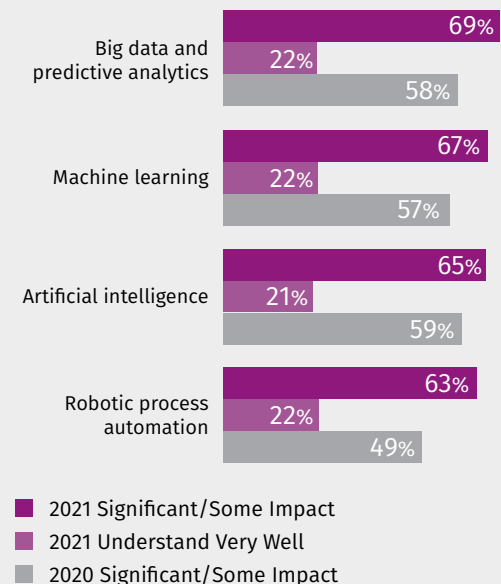
At a Glance: The Changing Law Firm

Top Changes Expected

- 82% expect Greater Specialization of Legal Services Offered by Firms
- 81% expect Greater Use of Technology to Improve Productivity
- 78% expect Increased Emphasis on Innovation
- 78% expect Greater Collaboration and Transparency Between Firms and Clients
- 72% expect Greater Use of Alternative Fee Arrangements

Reasons Technology Change Resisted

- 47% cite Organizational Issues
- 35% cite Lack of Technology, Knowledge, Understanding or Skills
- 18% cite Financial Issues

Technology Investment & Use

- 63% of law firms will increase their technology investment over the next three years.
- An increasing number of law firms expect transformational technologies such as Big Data and Predictive Analytics, Machine Learning, Artificial Intelligence and Robotic Process Automation to have an impact. Fewer than 23% understand these technologies very well.
- At least 75% of law firms expect to invest in these technologies over the next three years:
  — e-signature
  — Automation of Document and Contract Creation
  — Collaboration Tools for Document and Contract Drafting/Reviewing
  — Document and Contract Workflow Management
  — Cloud-based Services

Focus: Technology Advancements and Advantages

A closer look at 1) Legal sector adoption of key technology advancement initiatives and 2) Performance advantages realized by technology-leading organizations

Technology Advancement Initiatives

The *Future Ready Lawyer Survey* findings show more legal organizations are undertaking one or more technology advancement initiatives, up from 84% in 2020 to 88% in 2021. Business services firms are most likely to have undertaken such advancements, with 96% reporting they have, followed by 91% of corporate legal departments and 83% of law firms. Such initiatives included: developing legal technology solutions in-house; hiring a technology specialist/team; partnering with a legal tech startup; creating a formal innovation initiative; setting up a technology incubator; and establishing a legal operations function (Figure 20).

The top three advancement initiatives across all three segments include:

- Developing Own Legal Technology Solutions In-House: 42% of law firms; 41% of legal departments; and 39% of business services firms;
- Hiring a Technology Specialist/Team: 33% of law firms; 36% of legal departments; 40% of business services firms; and
- Partnering with a Legal Technology Start Up: 33% of law firms; 34% of legal departments; 39% of business services firms.

Business services firms also are slightly more likely to have Created a Formal Innovation Initiative (34% compared to 31% of law firms or legal departments) and significantly more likely to have Set Up a Technology Incubator (32% compared to 19% of law firms and 26% of legal departments).

Figure 20: Technology Advancement Initiatives

Overall, 88% of legal organizations have undertaken at least one of these technology advancement initiatives. Business services firms are most likely to have done so.

Overall: **88%**

Law Firms: **83%**

Legal Departments: **91%**

Business Services Firms: **96%**

Legend: ■ Law Firms ■ Legal Departments ■ Business Services Firms

Initiative	Law Firms	Legal Departments	Business Services Firms
Developed own legal technology solutions in-house	42%	41%	39%
Hired a technology specialist/team	33%	36%	40%
Partnered with a legal technology startup	33%	34%	39%
Created a formal innovation initiative	31%	31%	34%
Set up a technology incubator	19%	26%	32%
Established a legal operations function*		30%	

* Asked only of legal departments

Technology Leaders Best Positioned to Be Future Ready; Transitioning Organizations Invest to Catch Up

The Increasing Importance of Legal Technology is one of the leading trends lawyers say is impacting their organizations (Figure 1). While most organizations acknowledge this, not all are fully leveraging technology to support business performance and continuity, as well as competitive advantage for their organization and clients.

As in past years, the *2021 Future Ready Lawyer Survey* examined how those that do effectively leverage technology (known as *Technology Leaders*) perform compared to those that are not leveraging technology as much as they should today but plan to in the future

(known as *Transitioning*) and to those that are not fully leveraging technology today and have no plans to do so in the future (known as *Trailing*).

Technology Leaders continue to outperform other organizations across several key metrics. Coming through nearly a year of trying to keep their organizations moving forward during a global pandemic, *Technology Leaders* clearly showed why investing in the right technology matters – making them *Future Ready* for whatever comes their way, even the most unexpected.

Similar to 2020, in 2021 40% of organizations identify themselves as *Technology Leaders*, 53% as *Transitioning* and 7% as *Trailing*. This was fairly similar by organization type as well, with business services firms slightly more likely to identify as *Technology Leaders* (42%) compared to 41% of legal departments and 40% of law firms. The main distinction was in those identifying as *Trailing*: 8% of law firms and 7% of legal departments considered themselves *Trailing*, while just 1% of business services firms did so.

Across all areas related to technology, staffing, organizational and client focus, *Technology Leaders* outperform in key areas of preparedness. Coming out of a full year of pressure from the pandemic, *Technology Leaders* show stronger resiliency, agility and performance than other organizations.

> 46% of **Technology Leaders** were very prepared to support clients remotely when the pandemic began, compared to just 20% of *Transitioning* and 8% of *Trailing* organizations.

Figure 21: Technology Leaders More Prepared to Support Clients Remotely During Pandemic

More than twice as many Technology Leaders were prepared to support clients remotely than Transitioning organizations, and Leaders were more than 5 times more prepared than Trailing organizations.

Very Prepared to Transition to Supporting Clients Remotely

46%
LEADING

20%
TRANSITIONING

8%
TRAILING
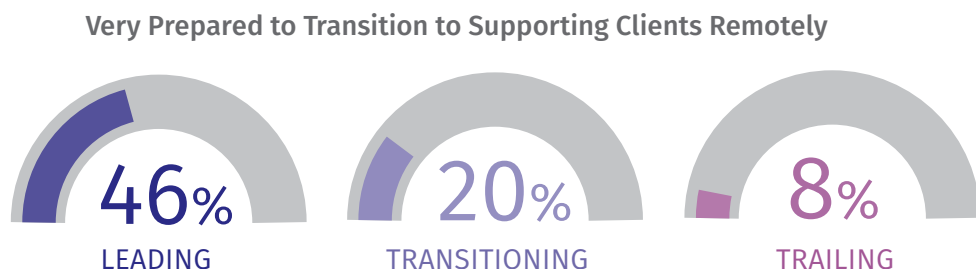
Most notably, 46% of *Technology Leading* organizations reported they were very prepared to transition to supporting clients remotely when the pandemic began, compared to just 20% of *Transitioning* and 8% of *Trailing* organizations (Figure 21).

Law firms and business services firms that are *Technology Leaders* also outperform their colleagues in terms of profitability. While the pandemic took a financial toll for many, *Technology Leaders* weathered the year better than others: they were most likely to increase profitability during the past year (47%), compared to 28% for *Transitioning* firms and just 13% for *Trailing* firms (Figure 22). And, they were also more likely to report their business increased, despite the pandemic: 43% of *Technology Leaders* reported this compared to 24% of *Transitioning* and 19% of *Trailing.*

While *Technology Leaders* continue to be most likely to say they are going to increase their technology investment (65%), for the first time nearly as many *Transitioning* organizations also say they are increasing their budgets (62%), while just 27% of *Trailing* will do so. Over the past three years, 63%-65% of *Technology Leaders* have indicated they planned to increase technology investments. Over that same time frame, the number of *Transitioning*

Figure 22: Firm Profitability

Despite the pandemic, significantly more Technology Leading law firms and business services firms saw profitability increase than Transitioning or Trailing firms.

LEADING	TRANSITIONING	TRAILING	OVERALL
47%	28%	13%	35%

INCREASE

DECREASE

| 11% | 20% | 23% | 17% |
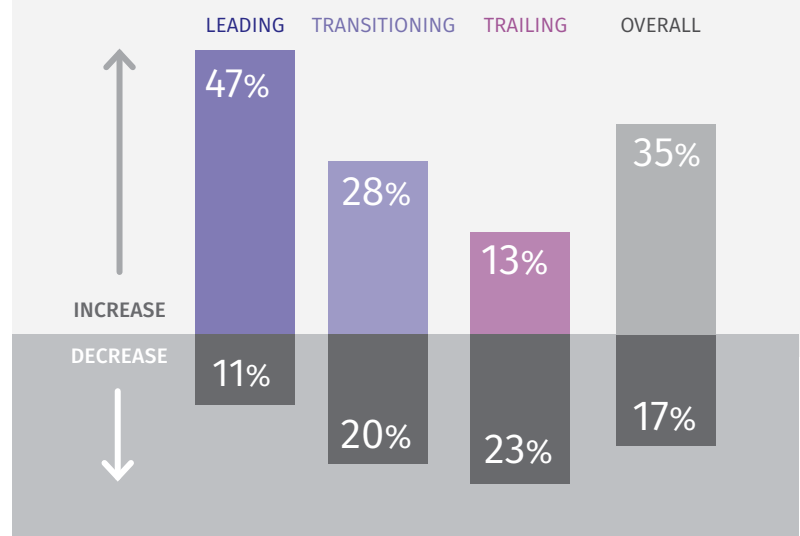
organizations planning to increase technology spending has steadily increased, from 45% in 2019 to 55% in 2020, and 62% in 2021, indicating the *Transitioning* organizations see increasing importance of technology investments.

Focus: Impact of the Pandemic

The Pandemic Year

The devastating impact of the COVID-19 crisis has been felt around the world. It has also been uneven in its impact. That is also the case in the legal profession, according to *Future Ready Lawyer Survey* findings, as 40% of respondents said their business decreased over the first year of the pandemic, while 31% said business increased and 27% said it stayed about the same (Figure 23).

Figure 23: Impact of Pandemic on Business

40% of legal organizations reported a decrease in business as a result of the pandemic; 31% saw an increase. This included such things as case load, number of clients and volume of work.

Business increased over past year

31%

Business stayed about the same over past year

27%

Business decreased over past year

40%

Can't assess yet/don't know

2%

Figure 24: Timeline for Business to Return to Scale

51% of legal organizations that experienced a decrease in business expect that business will return to pre-pandemic scale during 2022; 41% predict a return to scale by the end of 2021; 6% don't expect business to fully return until 2023 or later; and 2% are uncertain.

2021

41%
Expect business will return by the end of 2021

2022

51%
Expect business will return by the end of 2022

2023

6%
Expect business will return by 2023 or later

Of those reporting their business decreased:
- 22% say it decreased by 10% or less;
- 49% say it decreased by 11-20%; and
- 29% say it decreased by more than 20%.

Of those reporting their business increased:
- 25% say it increased by 10% or less;
- 51% say it increased by 11-20%; and
- 24% say it increased by more than 20%.

Among lawyers who reported their business decreased, 41% expect business to return to pre-pandemic scale by the end of 2021, and 51% expect business to return by the end of 2022. Still, 6% of lawyers aren't confident their business will return to pre-pandemic levels until 2023 or later and 2% are uncertain (Figure 24).

While business impact varied, 61% of legal organizations report they cut costs over the past year (Figure 25). Cost-cutting may be one reason why more firms were able to maintain profitability or minimize losses. Overall, 35% of law firms and business services firms report that profitability increased over the past year, while 17% reported profitability decreased (Figure 22).

As organizations looked to cut costs, they also recognized the growing importance of technology to their ability to serve clients during the pandemic. Specifically:
- 91% of legal organizations say technology has been very important or important to them in delivering service;
- However, most acknowledge they were off to a rough start: just 30% say their organization was very prepared to transition to supporting clients remotely at the start of the pandemic; and

Figure 25: Pandemic-induced Cost Cutting

61% of legal organizations report they cut costs as a result of the pandemic over the past year.

We have cut costs
61%

Don't know
3%

We have not
cut costs
36%
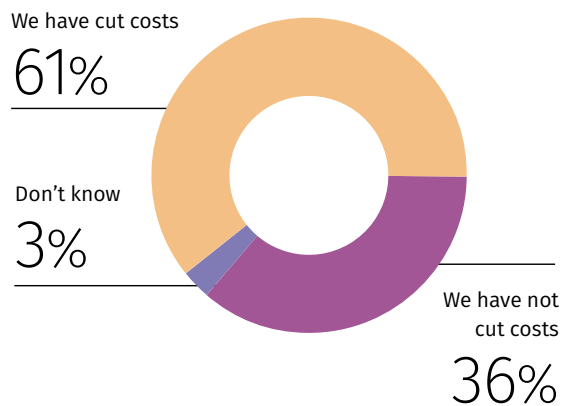
- In addition to recognizing the importance of technology in serving clients during the pandemic, 80% also agree that their needs for technology solutions have increased as a result of the pandemic (Figure 26).

Among lawyers who saw an increased need for technology, virtually all (99%) indicated they have increased their use of at least one of the following technologies as a result of the pandemic:
- Document Management;
- Internal Collaboration Software, such as Teams;
- Microsoft Office Applications;
- Contract Management;
- External Collaboration;
- Secure File Sharing/Extranet;
- Case/Matter Management;
- Videoconferencing Apps; and
- Solutions for Corporate Meetings Management (Figure 27).

Moving Ahead

As lawyers look forward, they say the pandemic will change how and where they work, according to the *Future Ready Lawyer Survey* findings, and it's clear that remote working will be more common.

Figure 26: Pandemic Preparedness & Importance

80% of lawyers report that their need for technology solutions has increased as a result of the pandemic. 91% of lawyers say technology has been important to them in delivering client services during the pandemic, however, only 30% say they were very prepared to transition to supporting clients remotely at the start of the pandemic.

Need for Technology Solutions Increased as Result of Pandemic — **80%**

Technology Important to Deliver Client Services During Pandemic — **91%**
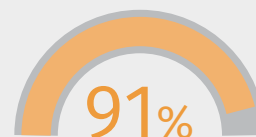
Very Prepared to Transition to Supporting Clients Remotely at Pandemic Start — **30%**

Figure 27: Technology Use That Increased as Result of Pandemic

Of those lawyers indicating an increased need for technology solutions as a result of the pandemic, 99% have increased their use of at least one of these technologies specifically; only 1% said they have not increased their use of any of these particular technologies.

Technology	%
Document management	48%
Internal collaboration software (e.g., Teams)	46%
Microsoft Office applications	44%
Contract management	39%
External collaboration	38%
Secure file sharing/extranet	37%
Case/matter management	34%
Videoconferencing apps	34%
Solutions for corporate meetings management	27%

Even after the pandemic has passed, lawyers believe it will continue to impact their work in the following ways:

- Employees Using Multiple Devices for Work – 73%;
- Improving Digital Skills for Working Remotely – 68%;
- Prioritizing Virtual/Digital Communications with Clients (asked only of firms) – 67%; and
- More Commonly Interacting with Judges Via Remote Hearings (asked only of firms) – 67% (Figure 28).

While legal organizations continue to face financial challenges as they emerge from the pandemic, 58% expect to increase their investment in software to support their legal work in the next 12 months. For 24%, their software investments will be unchanged, while 16% expect investments to decrease in the next 12 months (Figure 29).

Of those expecting an increase in software investments in the next 12 months:

- 21% expect it will increase by 10% or less;
- 61% expect it will increase by 11-30%; and
- 18% expect it will increase by more than 30%.

Of those expecting a decrease:

- 17% expect it will decrease by 10% or less;
- 57% expect it will decrease by 11-30%; and
- 26% expect it will decrease by more than 30%.

Given that 61% of organizations overall expect their technology investment to increase over the next three years, this indicates that while some legal organizations will still be in cost-trimming mode over the next 12 months, they do not anticipate longer-term cutbacks to their technology investments.

## Figure 28: Pandemic's Impact on Ways of Working – Where Increases Are Expected Ahead

Most legal organizations expect various areas of remote working will remain at increased levels after the pandemic, compared to pre-pandemic.

Employees using multiple devices for work — **73%**

Improving digital skills for working remotely — **68%**

Prioritize virtual/digital communications with clients* — **67%**

More commonly interact with judges via remote hearings* — **67%**

Percentage of employees working from home — **66%**

Remote collaboration with colleagues/third parties — **66%**

Increased remote work expected post-pandemic

Control of work/spending on law firms/legal service providers** — **64%**

Prioritize controlling time/expenses per client/case* — **61%**

Internal staff levels in favor of collaboration with third-party resources — **58%**

* Asked firms only   ** Asked legal departments only

Figure 29: Planning for Future Software Investments

58% of lawyers expect their organization's investment in software to increase over the next 12 months.

24% Stay the same

16% Decrease

2% Don't know
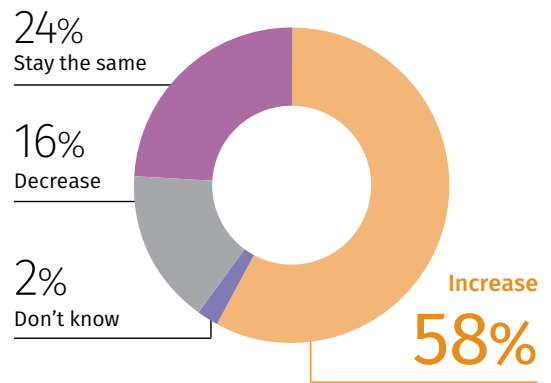
Increase **58%**

At a Glance: The Pandemic's Hold

Business Impact

- 40% of lawyers say their business decreased over first year of the pandemic
- 31% say business increased
- 27% say it stayed about the same
- 61% cut costs over the past year

When Business Will Return to Pre-pandemic Levels

- 41% say by the end of 2021
- 51% say by the end of 2022
- 6% say not until 2023 or later

Technology's Role During and After the Pandemic

- 91% of legal organizations say technology has been very important/important to them in delivering client services during the pandemic.
- 30% were very prepared to transition to support clients remotely at the start of the pandemic.
- 80% agree their needs for technology solutions have increased as a result of the pandemic.

Insights from Luminaries: Moving Beyond the Pandemic

Industry luminaries from Europe and the U.S. share their insights on the impact of the global pandemic on the legal industry

Bob Ambrogi

Robert Ambrogi is a Massachusetts lawyer and journalist who has been covering legal technology and the web for more than 20 years, primarily through his blog LawSitesBlog.com and now also his podcast LawNext.com.

What are your observations about the impact of the pandemic on legal professionals today, and what might be the most significant future impacts?

The pandemic's impact on the legal profession has been sweeping, forcing change in every aspect of legal practice, legal services delivery, and the administration of justice. But when it comes to legal technology and innovation, the two words that were so often repeated this year were "silver lining." Without in any way diminishing the tragedy and hardship so many suffered this year, the fact is that the pandemic accelerated changes in the legal profession that were long overdue. In effect, it was an opportunity to reboot the system, propelling wider adoption of technology, reinventing legal services delivery, and forcing antiquated court systems to enter the digital age.

What did you see as the key characteristics of resilient organizations through the crisis so far?

Looking at the organizations that seemed most resilient over the past year, three characteristics stood out to me. One is their adoption and use of technology; the organizations that were best able to adapt and thrive were those that were best prepared for a work-from-anywhere world. Second is their ability to pivot and be nimble. Law firms are viewed as resistant to change and cumbersome to evolve. Yet major firms were able to turn on a dime and move all of their staff to working from home within hours or days. Third is their treatment of all staff – lawyers and allied professionals alike – as essential members of their overall organizations. Some have said that the pandemic has helped bring about this leveling of the law firm hierarchy. Whether or not that was the case, resilient firms going forward will recognize that everyone in the firm is critical to its success.

> *"The toothpaste is out of the tube, and no one should even bother to try to squeeze it back in. With regard to tech adoption, there is no going back."*

Which areas in the legal industry will face the most disruption ahead – for better or worse – and why?

The area of the legal industry that will see the most disruption ahead is the judiciary. For many and complex reasons, courts have been mired in antiquity, seeking to dispense justice in a modern world using century-old systems and processes. The pandemic has forced courts into the modern age, and the changes courts have been forced to adopt this year will endure on and change how courts operate forever. But the pandemic has also exposed fundamental flaws in our systems of justice, and already we are seeing any number of alternative dispute resolution systems spring up. The time may come when most civil and business disputes are resolved not by traditional courts, but by innovative forums online.

What changes made during the pandemic will stay? Do you think any pandemic-related trends in the legal industry will revert following the crisis?

The toothpaste is out of the tube, and no one should even bother to try to squeeze it back in. With regard to tech adoption, there is no going back. Overnight, technology transformed from a tool to a lifeline, from a nicety to a necessity. Those among us who were already technologically astute took their use of technology to an even higher level. Those who were less advanced in their use of technology had no choice but to accelerate their adoption. But now having stepped up their use of technology, there will be no going back. We have all learned that technology is not merely a convenience or an efficiency tool, but something that is, literally, essential to our survival and success as legal professionals.

Where do you think AI will have the greatest value/impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

AI is already permeating and providing value across every segment of legal practice, from research to billing to contracting and beyond. Another top technology is analytics, best epitomized in recent years by the surge in litigation-related analytics products. But, more importantly, what these and other technologies represent is the increasing significance of data across all sectors of the legal profession. Data, itself, more than anything else, will drive innovation in law, and technologies such as AI and analytics are simply tools for making use of data. With better use of data, we will be able to better understand legal problems, better develop strategies for addressing those problems, and more efficiently achieve outcomes for our clients, at lower and more predictable costs.

Richard Tromans

Richard Tromans is a London-based legal consultant with over 20 years of experience in the legal sector. Richard is also the founder of Artificial Lawyer, a news site dedicated to changing the business of law for the benefit of society as a whole, with a strong emphasis on the use of technology.

What are your observations about the impact of the pandemic on legal professionals today, and what might be the most significant future impacts?

The reality is that although digitalisation has sped up technology use, and work/life issues have been exposed like never before, the main ways that lawyers produce their work has not radically changed because of the pandemic. However, there is hope that after getting used to a more digital first approach, tools that improve efficiency in workflows will face fewer barriers to adoption and start to be used at scale.

To move from survive to thrive following the crisis – what are the three most important things law firms and corporate legal departments can do?

In terms of thriving, many large commercial law firms are doing that already. High demand for complex advisory services from corporates in a crisis situation has generated additional work for law firms.

The real challenge is what I see as the bifurcation of legal work between complex high value/high risk matters and BAU/repeatable work. While clients have been willing to pay whatever the law firms demanded for emergency work, the reality is that as CFOs push for greater control over legal spending on BAU work, in-house legal teams have a huge opportunity to make a clean break with the past and embrace a 'new means of legal production' – tapping technology at scale, better use of process analysis and management, and greater use of specialised legal talent, i.e. not always looking for hourly-based law firm lawyers to do that standard work.

So, really using technology at scale, not just a bunch of isolated point solutions for limited tasks;

rethinking processes to drive efficiency across entire departments; and rethinking the human talent needed to get the outputs a business needs as efficiently as possible.

Where do you think AI will have the greatest value/impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

The reality is that AI, or NLP software for reading legal text is already commonplace in many law firms and in-house teams – they may just not realise it. Many case law tools rely on NLP, and many law firms are using the same technology for due diligence reviews and other large scale work. Companies are also using CLM systems with NLP to extract key data from contracts, and also tools to more rapidly analyse documents and provide mark-ups to third-party contracts.

The key here is that NLP is already well embedded into the commercial legal market. The goal now is not to think in terms of AI but to consider the efficiency gains this technology can provide and how to integrate it into your broader approach to legal work – i.e., think about the output goals you want to achieve, then consider the technology, the processes, and the new approaches to legal talent that will meet these goals.

" ... as CFOs push for greater control over legal spending on BAU work, in-house legal teams have a huge opportunity to make a clean break with the past and embrace a 'new means of legal production' – tapping technology at scale, better use of process analysis and management, and greater use of specialised legal talent ..."

Jean O'Grady

Jean P. O'Grady is a thought leader in the legal tech community and the author of the DeweyBStrategic.com blog. She is a member of the New York State Bar with over 30 years of experience developing strategic information initiatives for Am Law 100 law firms. She also served as an adjunct faculty member at the graduate schools of Library and Information Science at St. John's University and Long Island University.

What are your observations about the impact of the pandemic on legal professionals today, and what might be the most significant future impacts?

The pandemic has been a big boon for technology adoption in law firms. Lawyers tend to be risk averse. Lawyers could no longer "opt out" of changing the way they worked. It certainly drove a speedy embrace of virtual meeting software. Law firms have become much more open to trusting cloud security – this will in turn drive greater innovation because law firms can more easily transition to new software which can be deployed through a cloud desktop.

Now that most firms have had a positive experience with a remote workforce, many firms will consider long-term remote work options and more flexibility for staff and attorneys.

What did you see as the key characteristics of resilient organizations through the crisis so far?

Regular communication up and down the organization. Firms had to step up and articulate compassion and understanding for all of the special situations both lawyers and staff were facing with child care, home schooling and other work-life balance issues. Some firms which had to do layoffs or cut salaries earned the respect of their employees with effective communication and then restoring salaries after the crisis passed.

What changes made during the pandemic will stay? Do you think any pandemic-related trends in the legal industry will revert following the crisis?

I have heard of some firms wanting to return to full-time in-office work. I think that will be a mistake for both recruiting and morale reasons.

To move from survive to thrive following the crisis – what are the three most important things law firms and corporate legal departments can do?

As offices reopen law firms need to communicate clearly revised work-from-home policies.

Rebuild culture. Even though the legal profession adapted remarkably well to the work-from-home environment, I do think that some of the "cultural glue" that makes people feel part of an organization has been lost. There are team members and lawyers who have never met anyone face to face.

Law firms need to make sure that the "pandemic" class which started in 2020-21 gets quickly and effectively integrated into the life of the reopened law firm.

Can looking back push us forward? What is the greatest lesson learned from the pandemic for the legal profession?

Lawyers are much more adaptable than they have been given credit for. The standard lawyer personality profile describes them as resistant to change and skeptical. We need a new post-pandemic study of lawyer personality traits following the pandemic.

Where do you think AI will have the greatest value/ impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

AI will not replace lawyers but it certainly can be a transformational "power tool" which can provide a variety of benefits, including identifying vulnerabilities in a lawyer's work, driving efficiency, and extracting insights and trends for both the business and practice of law. We will begin to see the emergence of truly predictive legal solutions. Of course – we still have a long way to go in identifying and eliminating biases in algorithms.

Transformation-based neural networks will become a commonplace tool in law firms. This technology provides insights into large masses of unstructured documents.

The transformation of courts should result in greater access to justice by both lowering the cost of maintaining judicial systems and allowing people in remote locations to get access to justice.

I would like to see some attention given to transforming the courts that have the greatest impact in the lives of the poor such as family court, criminal court, and landlord-tenant court.

"Law firms have become much more open to trusting cloud security – this will in turn drive greater innovation because law firms can more easily transition to new software which can be deployed through a cloud desktop."

Jeroen Zweers

Jeroen Zweers has more than 25 years of experience in the legal industry. He is the owner of NOUN.legal a #LegalInnovationAgency; co-founder of Dutch Legal Tech; and a board member of the European Legal Technology Association (ELTA). He has been named among the top 10 European legal innovators by Financial Times.

What are your observations about the impact of the pandemic on legal professionals today, and what might be the most significant future impacts?

Last year was the most extensive digital workshop ever. This has made the whole society Digi savvy seven years faster. This acceleration is causing the legal sector, after initial resistance to technology/legal tech, to see accelerated adoption. Leading the way are the in-house departments as they are under pressure to transform their organisations. An example is e-signing, which has been accelerated in legal departments because otherwise, the process would have come to a complete standstill.

"Last year was the most extensive digital workshop ever. This has made the whole society Digi savvy seven years faster."

What players or areas in the legal industry will face the most disruption ahead – for better or worse – and why?

On the negative side, I see law firms experiencing disadvantages in the longer term. In the short term, they have not experienced any financial pain due to the pandemic, unlike their clients. This pain in legal departments has caused them to look at their work processes differently by making a distinction between commodity and high-end work and to then make the commodity part more efficient with legal tech. This means that law firms that used to do this type of work will see a significant decline in cases.

To move from survive to thrive following the crisis – what are the three most important things law firms and corporate legal departments can do?

Lawyers' offices
- More strategic investments in technology;
- Better customer support with technological products in the combination of tech and legal knowledge; and
- Invest in teams with a broader skill set.

Legal departments
- Organise work to risk level and automate or outsource low risk;
- Invest in Legal Ops; and
- Make a better distinction between commodity and high-end work.

Where do you think AI will have the greatest value/impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

AI is a grand promise for the legal market, but its current impact is greatly exaggerated. AI is primarily being used as a marketing tool to create an innovative image for law firms. However, in addition to the current applications in due diligence and e-discovery, I see new products coming into the market that help lawyers in their daily practice, such as algorithms that help lawyers search better or algorithms that create and manage automatic clause libraries. A significant development I see is text AI or Natural Language Processing (NLP), such as GPT-3, that can write legal texts based on keywords.

Other thoughts you wish to share?

An essential condition for making the sector more future-proof is the regulation of law firms. You can already see the countries with a more liberal policy regarding legal innovation taking the lead, countries like the UK, Australia and certain states in the U.S.

Sally Guyer

Sally Guyer is the Global CEO of World Commerce & Contracting (WorldCC), a not-for-profit association and the only global body promoting standards and raising capabilities in commercial practice.

Where do you think AI will have the greatest value/impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

For the legal industry there is real potential to increase efficiency by automating many of the repetitive, routine and high-volume tasks. The biggest challenge it seems is the reticence still coming from legal professionals (including those who are just completing their training) to embrace technology for fear of it eliminating jobs.

WorldCC research has shown that organizations have started to step up their digitization agenda and that as a result of the pandemic, the pace of change around adoption and implementation of technologies has accelerated. So where does this leave legal professionals? Out of work? Again, our research outlines a future where human resource and technology work side by side – each needing the other. It is certainly true that roles may be different, arguably far more interesting, but there is no indication to suggest that there will be a decline in overall job numbers.

Alongside AI and Machine Learning, other technologies are already starting to impact the legal industry, including blockchain which is facilitating the creation and use of smart contracts. The pandemic exposed the fragmentation of critical business information – customer and supplier data was scattered across multiple applications and contracts themselves proved difficult to find and hard to analyze. Companies are responding to this by accelerating their digitization agenda, implementing technologies to enable the essential flow and consolidation of data within and across organizational boundaries. Legal professionals must embrace these inevitable changes and in so doing demonstrate their strategic value to their organizations.

What changes made during the pandemic will stay? Do you think any pandemic-related trends in the legal industry will revert following the crisis?

In the early stages of lockdown, WorldCC undertook regular spot surveys among its worldwide membership which includes many legal professionals. We found that most organizations moved rapidly to support working from home. Within a few weeks, 92% of survey respondents reported that they had the necessary tools and equipment. Over time, sentiment also changed – in the early days, a majority couldn't wait to get back to the office. By July of 2020, very few wanted to return, at least not on a full-time basis. They had adjusted to new patterns of work and new ways of communicating and meeting with colleagues, customers and suppliers.

Overall, although for some individuals home-working has proved challenging, it does seem likely that productivity has increased – less travel time, less interruptions, shorter meetings. Although gaining access to information has sometimes been more difficult, transactional tasks have mostly been unaffected.

When it comes to innovation or strategic activities, the argument is that these depend much more on teamwork and collaboration, which are difficult to achieve online. However, is this argument valid, or is it just that they require more thought and adaptability? In fields like science, remote collaboration has provided breakthroughs for decades. Many businesses have multi-locational teams working on new products or services, often taking advantage of time zones to accelerate development. Indeed, it could well be argued that focusing activities on people who happen to be based in the same office is constraining.

We live in an age where diversity and inclusion are encouraged, to break down narrow and constrained thinking. It is certainly true that for many large organizations, highly inclusive and collaborative behavior is an alien concept. Past research by WorldCC revealed the extent to which employees outside the corporate headquarters – and especially those from other cultures – felt excluded from providing ideas or engaging in innovative or strategic projects. Now, we have the opportunity for such exclusion to be a thing of the past. And who knows what ideas and enthusiasm this may unleash.

"As market uncertainties continue and increased volatility and variability are established as 'normal,' organizations urgently need to ensure that their contracts and contracting processes are fit for purpose."

What do you think organizations could do now, to prepare for the next crisis?

There is a wealth of things that organizations could and indeed are doing now to prepare for the next crisis. A focus on technology and digitization is critical as I have addressed previously. Here, I will focus this answer on contracts and the contracting process. There is no doubt that the pandemic revealed the unhealthy state of contracts. In practical terms, they served almost no purpose in dealing with the issues created by COVID-19, organizations relied on the "relationship" leaving the contract in the drawer.

Most business contracts attempt to create certainty. They are designed to impose fixed obligations and establish consequences for failure. WorldCC research consistently reinforces the point that negotiations repetitively fixate on risk allocation – liabilities, indemnities, performance undertakings. Endless hours – and large amounts of money – are spent in agreeing to terms that ultimately proved irrelevant in dealing with the pandemic.

As market uncertainties continue and increased volatility and variability are established as "normal," organizations urgently need to ensure that their contracts and contracting processes are fit for purpose. It is clear that contracts will not disappear – there are many reasons why we need them. But they must change; we must step back and ask ourselves once more "what is the purpose of our contracts?" We must recognize that the depth of purpose varies so there is no "one size fits all" response – for example, a short-term commodity purchase is not the same as a long-term service delivery. Equally different stakeholders will have different views on the purpose of a contract.

We are seeing organizations already designing for the future – reconsidering contract terms and commercial models; rethinking risk analysis and scoring; moving away from rigid templates towards AI-powered clause libraries, and embracing contract design and simplification to ensure that contracts are tools of effective communication for their users.

In recent times, the standardization of contracting practices has operated as a constraint on business and negotiations have become a battle over the relative power of the parties to impose their preferred terms. That must change. We need contracts, but they must be practical, intelligent and sources of mutual value.

Amol V. Bargaje

Amol V. Bargaje has been at Mayer Brown since 2018 as global director of IT Practice and Client Solutions and was formerly chief innovation officer at Sullivan & Cromwell and chief information officer at Jenner & Block.

What changes made during the pandemic will stay?

We are hoping to see a permanent increase in the percentage of early adopters of new tech—influencers— within organizations. There will be a return to some pre-pandemic rituals such as in-person meetings and the associated travel. Of course, the degree, speed, and permanency of those meetings, that travel and a broader "return to the office" will depend on how reliable the vaccines and the resulting immunity are. But even when we are "out of the woods" on COVID-19, we are expecting that organizations will do more than pay lip service to the idea of continuing to work from home to some extent. Over the past year, we have seen that remote work and virtual collaboration are possible.

To move from survive to thrive following the crisis – what are the three most important things law firms can do. What are the three most important things corporate legal departments can do.

Law firms should keep the momentum going on adopting innovative processes and technologies; this is key to delivering and continually enhancing client services. Firms should partner with their clients' legal departments to connect with and serve their internal stakeholders e.g., sales, HR, IT etc. Firms should also continue to be flexible about remote working to retain and attract talented, diverse lawyers and staff.

Legal departments should continue to formalize and standardize their processes to be responsive to their business's changing needs. They should continue to stay abreast of the latest legal landscape by leveraging their outside counsel. Legal departments should incentivize their outside counsel to adapt efficient solutions, e.g., artificial intelligence, document automation, e-signature platforms etc.

"Law firms should keep the momentum going on adopting innovative processes and technologies"

Where do you think AI will have the greatest value/ impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' current / future success?

Artificial Intelligence, merged with data analytics, will help lawyers perform more expansive, and yet more detailed due diligence, and enhanced drafting capabilities. AI will enable data-driven insights that will help accurately "predict" issues early on, which will be the next frontier for legal services.

Although not a "top" technology, mobility and inter-operability of the systems lawyers use, will be critical to the legal professionals' success.

What did you see as the key attributes / characteristics of resilient organizations through the crisis so far?

Two things that are necessary to handle *any* crisis: agility and adaptability. Agility requires a mastery of the underlying processes in place at an organization. Without a certain level of expertise in well-defined and practiced processes, it is difficult for an entire team to adjust quickly in a time of crisis. Adaptability is, in essence and as trite as this may sound, the ability to think outside the box to quickly find a solution to an unforeseen problem.

Mark W. Brennan

Mark W. Brennan leads the global Technology and Telecommunications industry sector group for Logan Lovells. He is also the Lead Innovation Partner, responsible for championing innovation in client service, new products, and legal innovation across the firm's global business.

What are your observations overall about the impact of the pandemic on legal professionals today, and what do you think the most significant future impacts might be?

We recently connected with several key clients on these issues and saw several key themes emerge. One is that inhouse lawyers are looking for better, more streamlined collaboration with their firms, and they are particularly interested in tech tools that can facilitate. Also, we need to consider new generations entering the legal workforce For example, some younger lawyers consider email wildly outdated and inefficient. Firms and in-house teams need to consider how best to support and empower teams across multiple communication channels.

"Whether client companies or outside counsel, the organizations that had preparations in place for a crisis fared much better than those without such foresight and contingency plans"

What did you see as the key attributes / characteristics of resilient organizations through the crisis so far?

Through our client interactions, whether on active matters, listening exercises, or our private innovation-focused Greenhouse group, we have consistently seen the organizations that have been the most successful through the pandemic bring a strong focus on agility. It can be putting together a diverse team that meets evolving client needs, the client's own willingness to pivot some of its fundamental business assumptions, or other steps. We have also seen a strong interest from clients through our Greenhouse project in firms that are willing to get in the trenches with clients and share some risk as we innovate together.

Can looking back push us forward? What is the greatest lesson learned from the pandemic for the legal profession?

Looking back can absolutely push us forward. Whether client companies or outside counsel, the organizations that had preparations in place for a crisis fared much better than those without such foresight and contingency plans. Probably not by coincidence, these were also some of our most innovation – focused clients. We also saw how critical it was for every organization to commit to their own people. The problems we faced were global in scale, but the solutions absolutely came from empowered teams on the ground being able to pivot and flex as needed.

Dean Sonderegger

Dean Sonderegger has over 25 years of experience in the professional software and services industry. He is the head of Wolters Kluwer Legal & Regulatory U.S. and a thought leader in artificial intelligence, business transformation, and the evolution of the legal profession.

What did you see as the key characteristics of resilient organizations through the crisis so far?

When we look at the pandemic, we believe that there has been an acceleration of trends already in play (remote work for instance) rather than the introduction of new trends. Organizations that have dealt well with the pandemic have, in large part, already identified these trends and built plans to address the trends. This doesn't mean, for instance, that a law firm needed to be 100% virtual prior to the pandemic in order to react well … but that the firms that had identified the trend toward more remote workers and that had put measures in place to support those workers were more easily able to transition to work at home. One can apply this same rubric to a number of topics … forward-looking organizations think through emerging trends and make plans to adapt as necessary and as such are more resilient when changes accelerate.

What do you think organizations could do now, to prepare for the next crisis?

An early reaction in any financial downturn is for organizations to aggressively manage costs. Making cuts is unto itself a relatively easy thing to do. The challenge lies in understanding the impact of the cuts themselves. Are you cutting or deteriorating capabilities that customers value highly? Are you impacting your ability to deliver revenue, manage risk? These assessments require measurement/analysis and are difficult to perform quickly, rather organizations should thoughtfully identify and measure key performance indicators (KPIs) for the business. These KPIs could answer questions such as "How profitable is each partner?" in a law firm setting or "How much labor/time does each business unit require for legal support? How does this compare to the revenue generated by each bus iness unit?" in a corporate setting. These measurements in turn allow the business to make intelligent trade-offs in a period where cost cutting is required.

> *" … forward-looking organizations think through emerging trends and make plans to adapt as necessary and as such are more resilient when changes accelerate."*

What changes made during the pandemic will stay? Do you think any pandemic-related trends in the legal industry will revert following the crisis?

It seems clear that virtual activities – be it remote work, virtual courtrooms, virtual collaboration, etc. – are here to stay. In addition to this being somewhat the business expectation for interaction at this time, there's a real financial benefit that most organizations have seen through reduced travel and reduced office expenses. The one exception to this, I believe, will be in legal education where I expect you'll see a much more concerted effort to move back into in-person learning.

I think you'll also see an easing of the stringent cost-cutting that we saw early in 2020 in the law firm market. The reality is that the legal market is very hot right now … we have a fair amount of backlogged litigation (due in part to the pandemic), an expanding regulatory environment driven by COVID-19 and a new administration, and an extremely active M&A environment. All of which – combined with a likely economic boom – should lead to a pipeline of legal work for law firms to continue the strong financial finish we saw at YE '20. This in turn will lead to increased investment by those firms, but ironically enough may ease some of the efficiency pressures on attorney work that we were starting to see prior to the pandemic.

Katie DeBord

Katie DeBord is Bryan Cave Leighton Paisner's Global Chief Innovation Officer. In her role, Katie leads the firm's innovation team, which is an international cross-disciplinary team dedicated to legal service delivery innovation.

What are your observations about the impact of the pandemic on legal professionals today, and what might be the most significant future impacts?

For me, the theme of 2020, and its lasting impact, is that it created this collective resilience. It gave us all a crash course in adjusting quickly to new circumstances, being more comfortable with unknowns, and not just tolerating, but also embracing, different and more facile ways of working. Those lessons already are translating into benefits for legal consumers – the status quo is no longer the status quo. We've all been taught to push the boundaries and question whether our services really solve the client problem in the way the client needs it to be solved. Finally, moving so much of our activity online has accelerated really positive gains – from expanding our hiring pools beyond geographic borders to capturing additional data for analytics and to achieve efficiencies.

What players or areas in the legal industry will face the most disruption ahead – for better or worse – and why?

I think the answer is that all players in the legal industry will face disruption, but my hope is that the consumers of legal services will face the most disruption for the better. Whether they are large corporate clients or individuals with pro bono needs, my hope is that legal consumers will see more access to the services they need and delivered in a way they need them. In the world of corporate clients, my view is that legal service providers will increasingly be a key pillar of their clients' overall strategic execution by augmenting excellent legal advice with multidisciplinary expertise in the areas of data, process, and technology and proactively enabling clients to make data-informed decisions.

What do you think organizations could do now, to prepare for the next crisis?

Legal service delivery at its ideal is oftentimes a multi-disciplinary activity. Process engineers, data scientists and technologists, as well as marketing, finance and project managers, are increasingly playing an important role in the design and delivery of legal services, working alongside lawyers in integrated teams of professionals. Law firms in particular need to begin, if they haven't already, introducing these disciplines to their organizations and helping their lawyers understand what these areas of expertise mean and how they can aid and grow the client relationship. In a profession that still commonly refers to a binary of "lawyer" and "non-lawyer," that will require a range between some and a massive amount of change management.

What changes made during the pandemic will stay? Do you think any pandemic-related trends in the legal industry will revert following the crisis?

There seems little doubt that working from home, virtual collaboration and online working won't suddenly disappear as soon as lockdowns lift. These were trends that were visible before the pandemic and what has happened is really just an acceleration of these shifts in ways of working. At the same time, we've all missed some aspects of face-to-face interaction and recognized how hard it is to replicate that experience online. So, I think we'll see a hybrid in which we will invest in face-to-face for those things that really benefit from it but use online collaboration much more extensively than pre-pandemic.

Can looking back push us forward? What is the greatest lesson learned from the pandemic for the legal profession?

The greatest lesson from the pandemic for the legal profession is probably that we can change the way we work very rapidly – that is something that traditionally most observers of the industry didn't think was possible.

Where do you think AI will have the greatest value/impact for lawyers going forward? What other "top" technologies do you see as critical to legal professionals' success?

One of the real benefits of technology is the ability to review and analyze much more data. That enables attorneys to focus on the issues that matter and that really require their attention. The application of AI to due diligence and document review are areas where we are already seeing the impact, but I think AI and other technologies will be increasingly used to analyze more day-to-day, business-as-usual activities such as contract management.

Another area where I believe technology will play an increasingly important role is in redesigning the client experience. This includes the introduction of more self-service and collaboration tools, as well as improved online tools that give clients real-time reporting and insights. These tools exist today but, as more of our legal work is digitized, there is huge potential to expand their use in new ways.

What did you see as the key attributes/characteristics of resilient organizations through the crisis so far?

Across the economy, the ability to move operations online effectively, including having robust and resilient IT systems, is marking out many winners and losers. Most legal services suppliers seem to have managed this shift well. Within the legal market, strategic fundamentals, such as the ability to have a clear proposition, retain the best people and deliver a superb client experience, remain the keys to success. And really, at root, those organizations that still love to work with each other, that have found creative ways to continue to grow and collaborate online, and that are still having "fun" notwithstanding this crazy pandemic, are the resilient ones.

To move from survive to thrive following the crisis – what are the three most important things law firms and corporate legal departments can do?

I am going to start with corporate legal departments. For them, I think the focus is on defining law department objectives that align with the business's overall strategic objectives, and then maximizing their ability to achieve those objectives through implementing process design, technology, and data analytics that free up humans to do the strategic work, while pressing their legal providers to help them achieve those objectives. For law firms, of course, it is all about focusing on those activities that will help their clients achieve their overall strategic objectives. This involves first and foremost understanding their clients' objectives, understanding what adjacent expertise to help clients achieve those objectives, and then actually working with those adjacent experts – technologists, process engineers, data analysts – to help them achieve those objectives.

"Technology will play an increasingly important role in redesigning the client experience. This includes the introduction of more self-service and collaboration tools, as well as improved online tools that give clients real-time reporting and insights."

Wolters Kluwer Legal & Regulatory

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About the *2021 Wolters Kluwer Future Ready Lawyer Survey*

The *2021 Future Ready Lawyer Survey: Moving Beyond the Pandemic* from Wolters Kluwer Legal & Regulatory included quantitative interviews with 700 lawyers in law firms, legal departments and business services firms across the U.S. and nine European countries – the United Kingdom, Germany, The Netherlands, Italy, France, Spain, Poland, Belgium and Hungary – to examine how client expectations, technology and other factors are affecting the future of law across core areas and how legal organizations are prepared to address these. The survey was conducted online for Wolters Kluwer by a leading international research organization from March 4 to 18, 2021.