

3 Trends Currently Shaping Legal Operations

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In an environment where the business side of practicing law equals the importance of the provision of client services, legal operations have emerged as a driving force behind law firm administration. Evolving from the combination of various support and administrative tasks, legal operations are the processes and activities that help legal departments efficiently serve clients by applying business and technical principles to the delivery of legal services. While commonly used in the discussion of in-house legal departments, the concept can also be applied to law firms, particularly those that routinely provide corporate legal services as outside counsel.

The Evolution of Legal Operations

Many corporate-centered law firms currently face the challenge of shrinking corporate budgets even as service demands increase. Meeting this challenge, while simultaneously providing clients with stellar service, requires a greater focus on legal operations. Through strategic planning, project management, and technical innovations, legal operations help law firms streamline their financial responsibilities so that attorneys can place their focus on the actual practice of law.

Over the last few decades, corporate law firms and legal departments have been expected to shift their focus from solely advising business clients to driving value for them. They have been charged with streamlining services and managing operations more in line with business clientele. In doing so, firm administrators have placed a significant focus on analyzing current firm practices and making necessary adjustments, including the reorganization of processes and procedures for cost savings and greater efficiency.

While legal operations have been part of the legal industry for decades, it is still a relatively new concept that is continuously evolving. The following trends will likely impact legal operations over the coming years.

1. Increasing Importance of Data Analytics

As law firms pursue greater cost savings in the provision of legal services, reporting and data analytics serve as a driving force. Firms will increasingly rely on reporting to provide information about the effectiveness of administrative and legal service procedures. From [financial reports](#) like accounts receivable to administrative data like attorney profitability and matter management budget reports, data analytics arm firm administrators with the information they need to make strategic decisions about the firm's direction for greater profitability.

Scaling Up with Legal Technology

Legal technology innovations will continuously play an integral role in helping law firms and legal departments [streamline procedures](#) and scale-up in response to growth. While legal technology isn't new to the industry, service providers constantly introduce new and innovative solutions for meeting the specific needs of legal practices.

Much of the buzz around legal technology has centered on Artificial Intelligence (AI) in recent years. Through the use of algorithms and machine learning, many law firms currently use AI to streamline a variety of law firm procedures, including legal research, the performance of due diligence, document review, and even some forms of legal writing. But even with the increased use of AI, law firms have a more valuable tech tool when scaling their processes for growth.

Every law firm needs a practice management system at the center of its legal operations platform. These tools support the foundation of the firm, providing administrative systems and client matter management, as well as the data and reporting functions that firm administrators need for informed decision-making. The right practice management system promotes efficient law firm operations along with quality client experiences. From client relationship management and the efficient movement of matters to e-billing and document management, practice management software serves as a catalyst for streamlining operations and driving efficiencies within the law firm.

2. Alternative Legal Service Providers

Alternative Legal Service Providers (ALSPs) have provided traditional law firms with some unexpected competition as clients increasingly choose these cost-effective options. ALSPs are nontraditional providers that offer legal clients assistance with a variety of services, from legal research to litigation support. Increasing numbers of corporate counsel and law firm clients have turned to ALSPs for their technical innovations and specialized expertise at lower costs.

However, though ALSPs have been largely seen as competition to traditional law firm representation, law firm administrators increasingly recognize the value in these services. Not only are they consulting with these entities about the latest legal technologies, but they are also choosing to implement ALSP offerings into their own provisions of service, creating a sense of collaboration rather than competition.

3. Increased Use of Alternative Fee Arrangements

Alternative fee arrangements have gained considerable momentum throughout the legal community over the last decade. An industry firmly entrenched in the billable hour has begun offering a greater variety of pricing options, including fixed fees and customized hybrid billing arrangements.

Clients prefer these options because they offer a more transparent provision of service, providing a greater understanding of the total cost of their cases. Law firms have found value in these arrangements because they are easier to budget for and provide greater billing predictability. With [alternative billing](#), law firms can provide their clients with affordable and efficient legal services.

Although the legal community remains hesitant about the widespread usage of alternative fee

arrangements, many of the latest legal technologies have been equipped with tools to properly track and manage these options. As a result, these arrangements will likely affect legal operations in the year ahead.

Legal Operations will Continuously Evolve

As in-house legal departments and large corporate law firms seek to meet the immediate needs of a changing legal environment, legal operations will continuously play a major role. Firm administrators will identify new methods and tools for streamlining firm operations, saving costs, and providing clients with top-notch service.