



Portfolio Media. Inc. | 111 West 19th Street, 5th Floor | New York, NY 10011 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Clients Find Law Firms' Innovation Efforts Fall Short

By Sarah Martinson

Law360 (June 15, 2023, 1:48 PM EDT) -- In-house counsel and legal operations professionals want law firms to use innovation to save them money and feel that most firms are not doing this, according to a recently released third innovation report by Thompson Hine LLP.

The report found that 96% of in-house counsel and legal operation professionals surveyed wish their law firms would use innovation to save them money, while about 12% of respondents said their primary outside firms have done so.

Even though in-house counsel and legal operation professionals are not seeing many law firms use innovation to save them money, firms are innovating. According to the report, 65% of respondents said that over the past year, they have seen their law firms innovate a lot or some, a five percentage point increase from Thompson Hine's 2020 innovation report.

Deborah Read, managing partner at Thompson Hine, said in the report that the survey results show that more clients are seeing their law firms innovate, but firms still have a ways to go before they meet clients' expectations.

"While our survey shows that law firms seem more motivated to incorporate technologies that have been available in the marketplace for some time, especially around e-discovery and corporate due diligence, they have been less inclined to adopt the kind of process-related improvements our survey respondents rate as a priority," Read said.

The gap between what clients want and what law firms are delivering is largest around new technologies to improve processes or drive efficiency, according to the report.

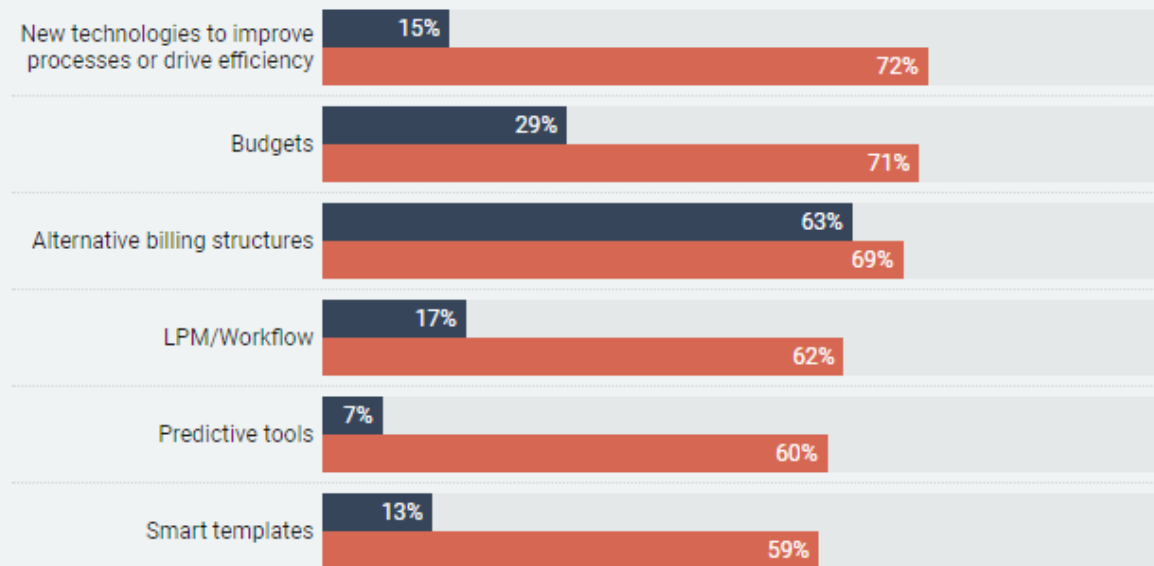
The report found that 72% of respondents want law firms to deliver new technologies that improve processes or drive efficiency, while 15% of respondents reported that law firms are delivering these technologies.

"The enormous gaps between what clients deem to be important and what their preferred law firms have implemented imply that most firms are either not listening or have not been able to implement the solutions their clients desire," the report said.

Law Firms Falling Short Delivering What Clients Want Most

Clients said what they want most from law firms is new technologies to improve processes or drive efficiency, but law firms are not delivering those technologies. However, clients also have a high demand for alternative billing structures and law firms are delivering in this area.

■ What innovations would you consider are important for your law firms to deliver? ■ Which ones have your primary outside law firms used over the past year?



Source: Thompson Hine • Created with Datawrapper

LAW360 | Pulse

Thompson Hine surveyed more than 100 in-house counsel and legal operations professionals across industries, company sizes and U.S. locations for its third innovation report about the pressures they face, what they want from law firms and how law firms are delivering on what they want.

The report found that in-house legal departments are facing a number of pressures including operating with budget restrictions, improving efficiencies and processes, managing internal workloads and reducing legal spend.

More than a third, or 39%, of respondents reported they are facing the highest level of pressure to operate with budget restrictions, according to the report.

"In-house professionals now appear to be more interested in 'doing more with less' by driving efficiency rather than reducing outside spend," the report said.

At the same time, respondents said it is important that their law firms are using innovative technology in the areas of e-discovery, document drafting, due diligence and transaction management, according to the report.

Three-fifths, or 60%, of respondents said it is important that their law firms are using innovative technology in e-discovery, while about 50% of respondents said it is important that their firms are using

innovative technology in document drafting, the report found.

The report also found that in-house legal departments are using innovative technologies in a variety of areas more than their outside law firms.

For example, 80% of respondents said they are using innovative technology in legal spend analysis, while 29% of respondents said their law firms are using legal spend analysis technology, according to the report.

The report noted that respondents are more likely to know what their own teams are doing and might not be aware of all law firms' innovation efforts. Nearly half, or 42%, of respondents said that their law firms don't provide information about their innovation, according to the report.

"Law firms might see more success, and law departments might see them more as 'partners,' if law firms invited their clients to work with them in the development of process and tools," the report said. "By drawing the client into the innovation process early on, firms demonstrate their commitment to addressing and resolving actual pain points, and thereby start to bridge the increasingly wide innovation gap."

--Graphics by Ben Jay. Editing by Nicole Bleier.