2022 SURVEY REPORT

The Wolters Kluwer Future Ready Lawyer

Leading change

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Introduction

It's been said that the pandemic brought the future to the present. This is certainly true for the legal profession.

The digital transformation of the profession has significantly advanced with the widespread adoption of digital processes and technologies showing what technology can do, and what people and businesses can do when enabled by technology.

As the *Wolters Kluwer Future Ready Lawyer Survey 2022* shows, new and improved technology capabilities are driving greater resilience, improved client relations and higher performance for many organizations in the legal profession across Europe and the U.S. Together, these strengthened digital and business capabilities are crucial ... because the future isn't over. It's increasingly dynamic, complex and uncertain.

The legal industry today is challenged by the VUCA environment of volatility, uncertainty, complexity and ambiguity. The *Survey* findings show that the pressure on legal professionals is higher now than ever, as they are facing pervasive ongoing change. Challenges include the vast complexity of compliance requirements, higher

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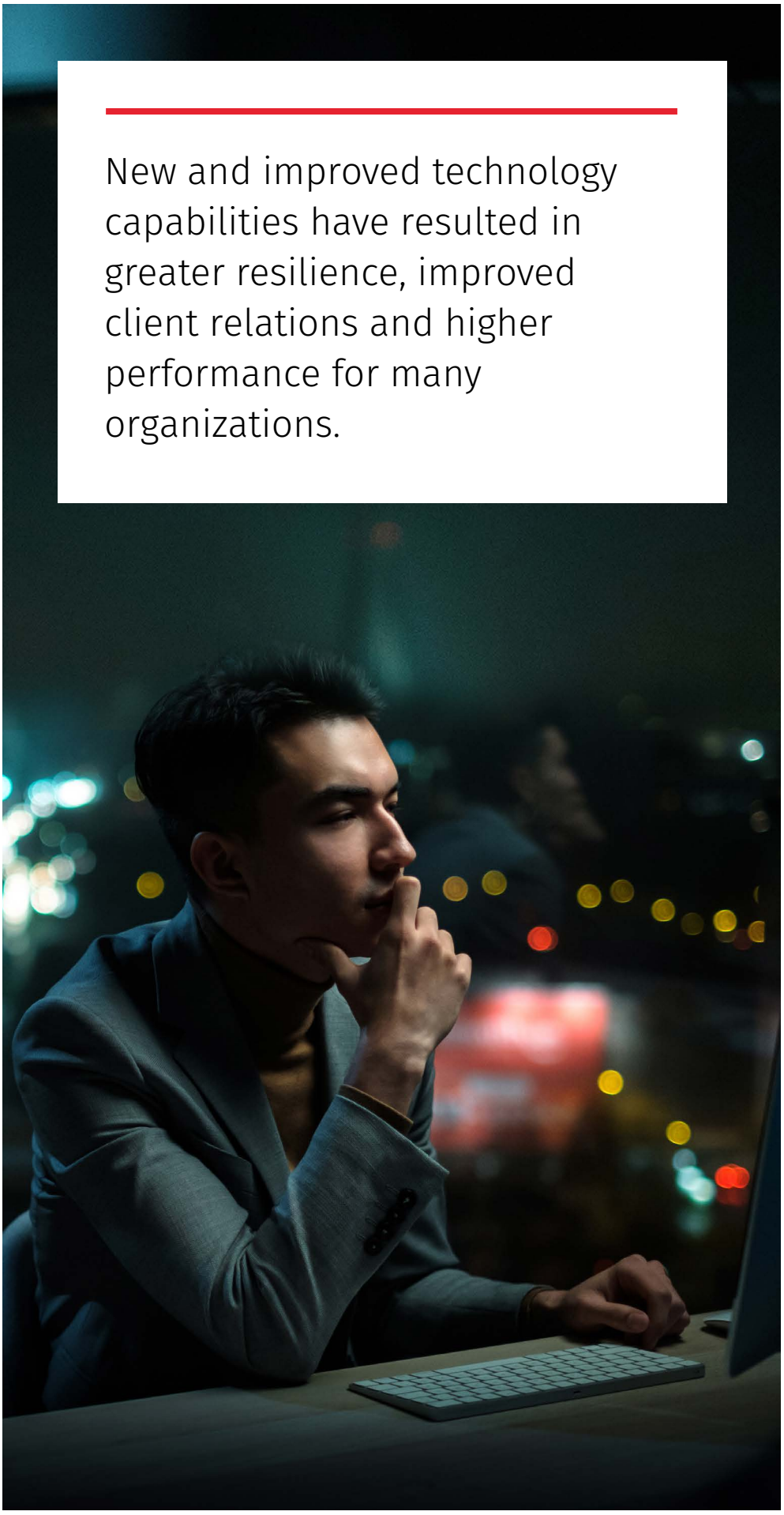
New and improved technology capabilities have resulted in greater resilience, improved client relations and higher performance for many organizations.



performance expectations, growing talent tensions, the urgent need for tech-enabled efficiency, increased insourcing and outsourcing of work, new competition, the escalated demand of emerging areas such as Environmental, Social and Governance (ESG) and more.

Today, future ready is VUCA ready. Agile organizations that effectively use technology, embrace new ways of working, and continuously advance capabilities and skills will be more resilient in the VUCA environment. And there is always more progress to be made. Future-ready organizations follow a path of continuous improvement and ongoing optimization of people, processes and technology. As the *Survey* confirms, there is a need for further advancement across legal organizations in all of these areas as professionals are challenged to keep pace with the exponential change around them.

The *Wolters Kluwer Future Ready Lawyer Survey 2022* offers a timely and unique perspective on law firms and corporate legal departments, with benchmark data pre- and post-crisis. The *Survey* includes insights from 751 legal professionals across 10 European countries and the U.S. The *Survey* examines issues and trends affecting the future of law as organizations strive to thrive in the new normal.

Key findings

Overwhelmingly, trends, pressures and priorities already in place gained new ground in the past year, and new trends emerged …

Ignited by the pandemic, progress in the legal profession continues across a wide range of areas as the transformation dynamic continues at a fast pace.

Overwhelmingly, trends, pressures and priorities already in place gained new ground in the past year, and new trends emerged, based on findings of the *Future Ready Lawyer Survey*.

As in the past, however, there continues to be a readiness gap recognized by professionals, and a need for continuous investment and improvement. From technology to talent and trends, professionals across Europe and the U.S. say their organizations need to do better.

The need for technology as a key driver of improved performance, efficiency and productivity is undisputed. Yet organizations struggle to optimize their use of technology, signaling improvements are still needed in change management and training on new tools.

The increased use of and investment in technology solutions continued in 2022 and are projected to gain more ground ahead. Corporate legal departments, faced with higher workloads and budget constraints, have turned to technology to automate work and improve productivity. Law firms, confronted with changing client expectations, the demand for higher productivity and growing competition, are also turning to technology for help.

Both legal departments and law firms now face growing pressure on another front – talent – with new demands and the majority of professionals expecting a tech-enabled organization that also supports their preferred way of working – hybrid or full-time remote. As the "great resignation" rolls on, however, the *Survey* found that most organizations aren't doing very well at delivering on the expectations of their workforce, foretelling greater recruiting and retention challenges ahead.

Also on the people front, the *Survey* found a significant increase in organizations revisiting *who* does the work and how it gets done. While legal departments report they are insourcing more work, both legal departments and law firms are increasingly leveraging different types of arrangements – from contract workers to alternative legal service providers (ALSPs) to non-legal staff and more self-service options for clients.

Importantly, as law firms and corporate legal departments continue to increase their use of external resources and services – at higher levels in 2022 than ever before – they are expanding the legal ecosystem and opening the opportunity for other professionals to introduce and influence change in the legal industry.

Leveraging an expanded and flexible range of resources can help manage increasing demand. Coping with the increased volume and complexity of information and keeping up with changing expectations remain top and growing concerns across the legal profession.

Overall trends

- Overall, only **36% or fewer lawyers say their organization is very prepared to address the most significant trends** they believe will impact them in the next three years.

- **The top trends legal professionals expect will have the biggest impact over the next three years are** the Increasing Importance of Legal Technology (79%); Coping with Increased Volume and Complexity of Information (79%); and Meeting Changing Client/ Leadership Expectations (79%).

Legal professionals increasingly recognize that they are challenged to understand and optimize new technology.

- Yet only 35% say their organizations are very prepared to address the Increasing Importance of Legal Technology; 34% for Coping with the Increased Volume and Complexity of Information; and 36% for Meeting Changing Client/Leadership Expectations.

- The **trend gaining the most momentum is Legal Department Insourcing** at 76%, up 7 points in 2022.

- Overall, **63% of lawyers expect their investment in software to support legal work to increase over the next 12 months.** Similarly, over the next three years, 63% also expect their overall technology investment to increase.

- The **Lack of Technology Knowledge, Understanding or Skills is now the most-cited reason for resistance to new technology** for 49% of legal departments and 47% of law firms. In the prior two years, Organizational Issues was the top reason for resistance for both groups.

- ***Technology Leaders* continue to outperform others** year after year in the legal sector, across client, talent, productivity and performance matters.

Client-firm relationships

- **Client demand for tech-enabled law firms hit a record high** in 2022 and is expected to continue to climb.

- **The criteria legal departments rank highest in evaluating firms are:** Ability to Use Technology to Improve Productivity/ Efficiency and Collaboration/Work Processes; Ability to Understand Client Needs/Partner with Clients; and Specialization.

- **55% of corporate legal departments say their firm relationship is better today than it was before the pandemic.** Only 3% say it has worsened.

- **43% of legal departments say they are very satisfied with their current firm.**

- Expectation and performance gaps persist. **Law firms are at a higher risk today of being fired by their client:** 32% of corporate lawyers say their organization is very likely and 46% say their organization is somewhat likely to switch law firms in the coming year.

- **The leading reason corporate clients would fire a firm is if the firm did not demonstrate efficiency and productivity.**

- The vast **majority of legal departments – 91% – say it will be important in the next three years to have a law firm that fully leverages technology.** By 2025, 97% will require law firms they are considering to describe the technology they use to be more productive and efficient.

- **84% of legal departments say it's important that the firm they choose is Able to Help Them with Legal Technology Selection/Implementation.**

Corporate legal departments

- **Top challenges for legal departments are:** Managing the Growing Demands of the Corporate Legal Department; Influencing Change in Law Firms; and Improving Legal Operations and Legal Project Management.

- **Top areas where legal departments expect the greatest change are:** Greater Use of Alternative Fee Arrangements; Greater Insourcing of Legal Work; and Greater Use of Technology to Improve Productivity.

- **"Who" does the work is changing for legal departments.** In 2022, Greater Insourcing of Legal Work reached 86%. Greater Use of Contract Staff; Greater Use of Non-legal Staff to Perform Work; and Greater Use of Alternative Legal Service Providers all increased to 84%.

- **Talent troubles abound:**
  - 86% of legal departments report they have experienced very or somewhat significant impact from the "great resignation";
  - **70% of corporate lawyers say they are very to somewhat likely to leave their current position in the next year;**
  - Only 36% of lawyers believe their legal department is very prepared to Recruit/Retain Technology Staff; and
  - Only 33% believe their department is very prepared to Recruit/Retain Legal Staff.

- **Talent: Career Development/Faster Promotion Opportunities is of top importance to corporate lawyers.** However, only 39% say their organization is very good at delivering on this.

- **Talent:** The pandemic changed **how and where corporate lawyers work – 69% expect to work remotely from home all or part of the time going forward.**

- **Talent:** Focusing on technology, **87% say it's extremely or very important to work for a legal department that fully leverages technology.**

- **Technologies of most importance to legal departments are:** Legal Matter Management; Contract Management Software/Contract Analytics; Document Management; Cybersecurity and Encryption Tools; e-signature and Corporate Housekeeping (e.g., Entity Management).

- **62% of lawyers expect their legal department's technology investment to increase** over the next three years; 35% expect it will remain the same.

- When considering transformational technologies, **81% say Robotic Process Automation and 80% say Artificial Intelligence will have an impact on their department over the next three years.**

Law firms

- **Top areas where the majority of law firms expect the greatest change** over the next three years are:
  - 88% expect Greater Specialization of Legal Services Offered by Firms;
  - 85% expect Greater Collaboration and Transparency Between Firms and Clients; and
  - 82% expect Greater Use of Technology to Improve Productivity.

- As client expectations continue to intensify, many firms are taking action: **57% are Investing in New Technology to Support Firm Operations and Client Work;** and 52% are Formalizing their Customer Feedback Approach.

→ SURVEY FINDINGS

63%
of lawyers overall expect their investment in software to support legal work to increase over the next year

91%
of corporate legal departments say it will be important over the next three years to have a law firm that fully leverages technology

79%
of lawyers say Coping with Increased Volume and Complexity of Information is a top trend with impact

56%
of legal departments say that company demands for ESG guidance increased over the past year

70% corporate lawyers
&
58% law firm lawyers
say they are very to somewhat likely to leave their current position in the next year … indicating talent troubles ahead

63%
of *Technology Leading* law firms report their profitability increased over the past year – more than any other firms

- **Firms face talent challenges:**
  - 70% of law firms report a very or somewhat significant impact from the "great resignation";
  - **58% of lawyers say they are very to somewhat likely to leave their position in the next year;**
  - Only 28% believe their firm is very prepared to Recruit/Retain Legal Staff; and
  - Only 33% believe their law firm is very prepared to Recruit/Retain Technology Staff.

- **Talent: Firm lawyers most commonly rank Work-Life Balance – Moderate Workload as their top priority** for their workplace. Only 34% of lawyers say their firm does a very good job delivering on it.

- **Talent: 72% expect to work remotely from home all or part of the time going forward.**

- **Talent: 83% of law firm lawyers say it's extremely or very important to them to work for a firm that fully leverages technology.**

- Technologies most important to law firms are: Document Management; Cybersecurity and Encryption Tools; and Digital Court Proceedings.

- **66% say their firm's technology investment will increase over the next three years;** 30% expect it will remain the same.

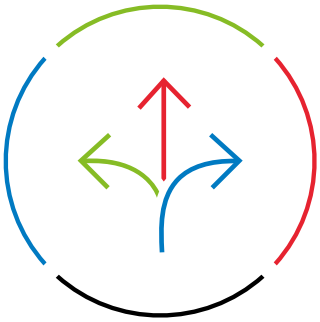
- In terms of **transformational technologies, 81% of law firms say Big Data & Predictive Analytics will have an impact on their firm; 77% say Machine Learning will have an impact.**

- **Law firms that are *Technology Leaders* are more profitable than others:** 63% of *Technology Leading* firms report their profitability increased over the past year compared to 46% of other firms.

ESG emergence

- Legal professionals have been challenged by the **unprecedented growth of Environmental, Social and Governance (ESG) initiatives:**
  - 56% of legal departments report that demands on them for ESG guidance have increased over the past year and 64% expect the demand will increase over the next three years; Just 39% say their department is very prepared to meet their company's ESG responsibilities; and
  - 77% of law firms today report that they have ESG expertise in place. 50% report they created an ESG practice area within the past three years.

- Significant **growth in ESG demand is outpacing law firms' preparedness** to respond:
  - 45% of firms report demand for ESG guidance from corporate clients has increased over the past year and 59% expect demand for ESG guidance will increase over the next three years; and
  - Only 20% of firms believe they are very prepared to meet client demands for ESG services.



Leading trends in the legal profession

Impact accelerates, while lawyers struggle to keep up

Lawyers already work in a high-pressure environment, and the *Future Ready Lawyer Survey* found that the demands are mounting as trends impacting the profession continue to accelerate.

The pressure further intensifies as just about one-third of lawyers say that they are very prepared to address these top trends.

According to the *Survey,* the top five trends expected to impact most legal organizations are:

- Increasing Importance of Legal Technology;
- Coping with Increased Volume and Complexity of Information;
- Meeting Changing Client/Leadership Expectations;
- Emphasis on Improved Efficiency/ Productivity; and
- Growth of Alternative Legal Service Providers (Figure 1).

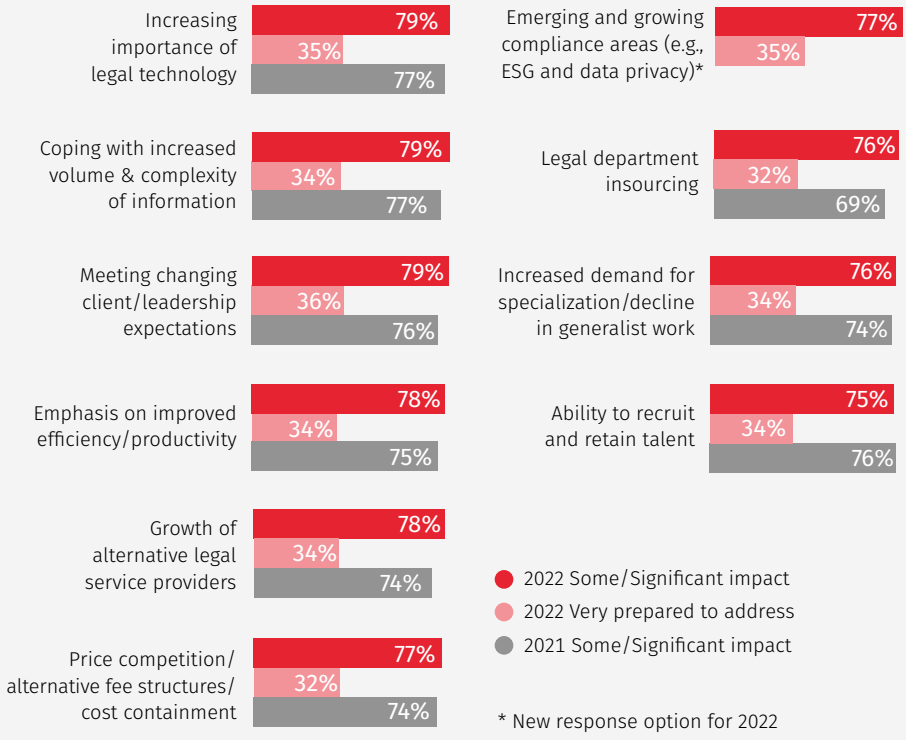
The Increasing Importance of Legal Technology has remained a leading and growing trend over the past few years, with 79% of lawyers reporting it as a top trend today, up from 77% in 2021. Only 35% of respondents are very prepared to deal with this priority.

The trend gaining the most momentum from 2021 to 2022 is Legal Department Insourcing at 76%, up 7 points. Yet, despite this jump in impact, only 32% of lawyers believe their organization is very prepared to address this trend.

Figure 1: Top trends & readiness to address

2022 Finding: *The majority of lawyers say these trends will impact their organization over the next three years. Yet only 36% or fewer believe their organization is very prepared to address any of them.*

2022 Trend: *Compared to 2021, Legal Department Insourcing is the trend showing the biggest gain (up 7 points, from 69%). Nearly all other trends had an impact increase of 2-3 points.*



→ KEY TRENDS

79%
of respondents say these are the top trends with impact:

- Increasing Importance of Legal Technology
- Coping with Increased Volume and Complexity of Information
- Meeting Changing Client/ Leadership Expectations

36%
or fewer are very prepared to address these trends

With the ongoing emergence of new and growing areas in law, 77% of survey respondents report that coping with Emerging and Growing Compliance Areas, such as data privacy and ESG, is a significant trend, yet just 35% are very prepared to manage these areas.

Although lawyers continue to report incremental improvements in their preparedness to address each of the trends identified in the *Survey* – generally in the range of 2-3 points since 2021 – only 36% or fewer say their organization is very prepared to address any specific trend that is impacting them.

The increasing impact of technology is a trend that has growing momentum over the years for both legal departments and law firms across a wide range of areas. Today more than ever, it factors in firm selection and retention, day-to-day operations, and as a productivity solution, talent attractor and performance driver.

Importantly, *Survey* findings demonstrate year after year that organizations that are *Technology Leaders* outperform other organizations in the legal sector, across client, talent, productivity and performance matters.

This *Technology Leader* edge is explored further throughout this report and spotlighted on page 31.

The changing client-firm relationship

Clients demand technology-enabled law firms

The exponential growth of technology capabilities as a factor in firm evaluation shows how critical technology has become to the legal profession – and why the Increasing Importance of Legal Technology continues to be a top trend.

In 2021 and 2020, just 52% and 41% of legal departments respectively reported asking the law firms they were considering to describe the technology they used to be more productive and efficient. Today, that has jumped to 70%, and it is projected to hit 97% by 2025 (Figure 2).

In just three years, technology has gone from a consideration by fewer than one-half of legal departments in evaluating firms to a key criterion for the majority.

Technology is also a top priority for legal departments when working with their current law firms. Specifically, 91% of legal departments say it will be important to their organization over the next three years to have a law firm that fully leverages technology, up from 82% in 2021 and 2020. In this area, law firms have made continued progress in understanding client expectations, with 88% now saying that they know their clients expect them to fully leverage technology, up from 78% in 2021 and 73% in 2020, respectively (Figure 3).

Technology investment plans continue to reflect the increasing importance of technology to the profession: 64% of legal departments and 63% of law firms expect to increase their investment in software to support legal work over the next year.

Figure 2: Technology is now an essential firm evaluation factor

2022 Finding: *70% of legal departments currently ask the firms they are considering to describe the technology they use to be more productive and efficient. Within three years, nearly all legal departments (97%) expect to do so.*

2022 Trend: *Technology has grown significantly each year as an important evaluation factor to most legal departments.*

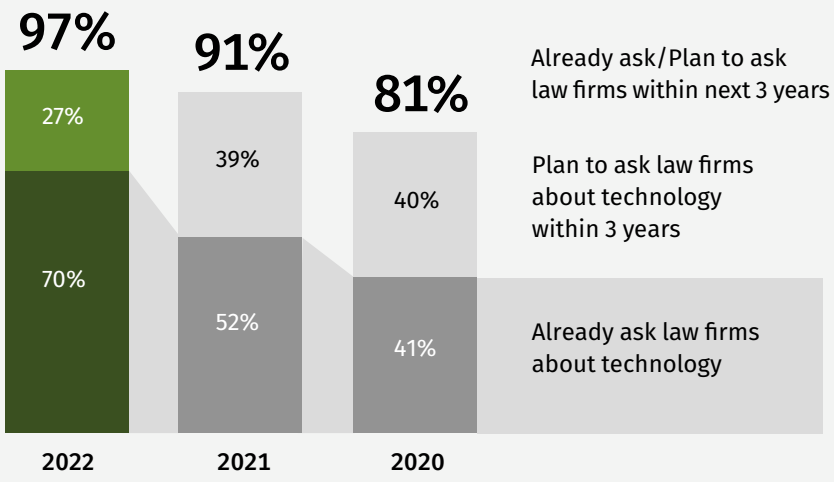


Figure 3: Increasing importance that law firm fully leverages technology

2022 Finding: *91% of legal departments say that within the next three years it's important that the law firms they use fully leverage technology. 88% of law firms believe it's important to their clients that their firm leverages technology.*

2022 Trend: *Law firms' understanding of the importance of technology to their clients continues to improve and the gap has narrowed from 9 points in 2020 to 3 points in 2022.*

	2022	2021	2020
Legal departments	**91%**	82%	82%
Law firms	**88%**	78%	73%

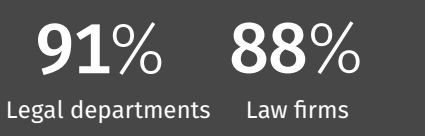
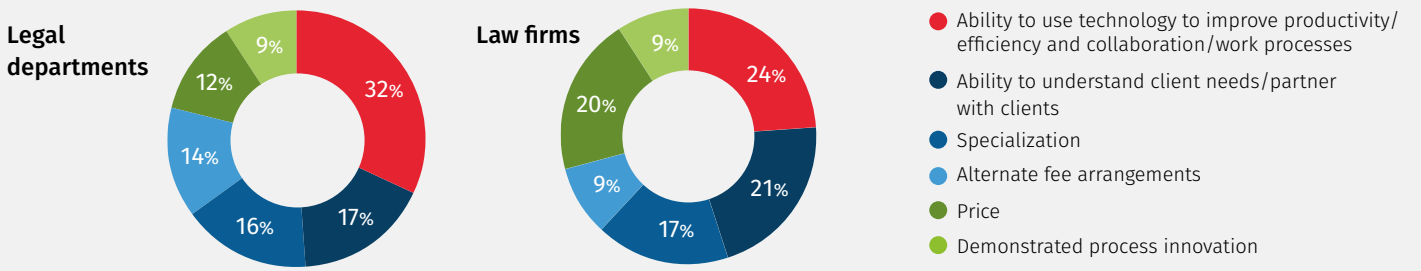


Figure 4: Leading factors in law firm evaluation

When evaluating law firms, the most important factor to corporate lawyers continues to be a firm's Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes (increasing 6 points from 2021), followed by Ability to Understand Client Needs/Partner with Clients. Law firms recognize these as the top-two evaluation criteria as well; however, many tend to underestimate the emphasis legal departments place on technology proficiency, with only 24% of firms saying legal departments rank it as their top factor, while 32% of legal departments actually do.



Over the next three years, 62% of legal departments and 66% of law firms say they will increase their technology investments (Figure 14, page 16, and Figure 28, page 24).

Law firm and legal department expectations and experiences

Legal departments use multiple criteria to evaluate law firms, and for the first time the ability to use technology to improve performance tops the list as the most important factor for both legal departments and law firms. Overall, the criteria that legal departments rank highest in evaluating firms are:

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

Over the past three years, the Ability to Use Technology has been a leading and growing factor for legal departments. In 2022, it pulled far ahead of other considerations, with a 15-point lead or more over any other area.

Law firms identified the criteria that they believe their clients most often ranked most important slightly differently, with the top three being:

- Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes;
- Ability to Understand Client Needs/Partner with Clients; and
- Price.

While legal departments and firms both identified the same top two factors, firms believe clients put much more emphasis on Price and much less on the Ability to Use Technology.

Across all areas, corporate lawyers indicate they're facing increased pressures on their department, resulting in new expectations for the firms they work with. Most notably, 84% of corporate lawyers say that their organization has Become More Selective About the Law Firm with Which They Do Business, up from 74% in 2021, according to the *Survey* findings (Figure 5).

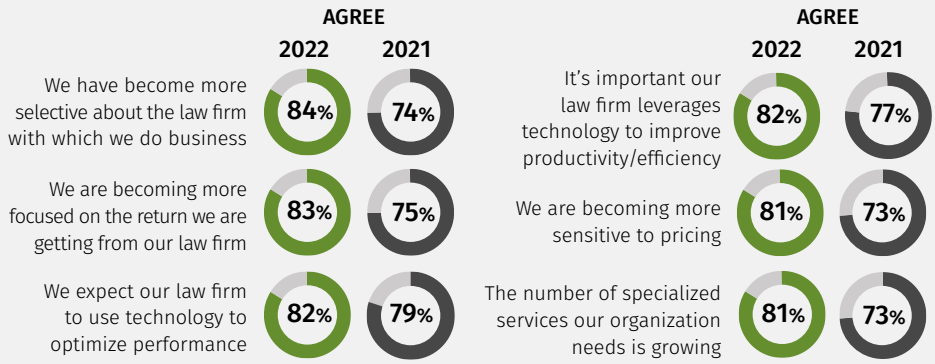
Over 80% of corporate legal departments surveyed say:

- We Are Becoming More Focused on the Return We Are Getting from Our Law Firm;
- We Expect Our Law Firm to Leverage Technology to Optimize Performance;

Figure 5: Greater expectations on law firms

2022 Finding: *More than 80% of corporate lawyers agree with each of the following statements.*

2022 Trend: *In each area, corporate expectations increased over 2021.*



- It's Important That Our Law Firm Leverages Technology to Improve Productivity and Efficiency;
- We Are Becoming More Sensitive to Pricing; and
- The Number of Specialized Services Our Organization Needs is Growing.

With pressure intensifying on legal departments, they have increased expectations for their law firms. However, many say law firms are falling short. Specifically, the three attributes that corporate lawyers identify as important in choosing a law firm are:

- Able to Help Us with Legal Technology Selection/Implementation – 84% say it's important; 40% say it describes their current firm very well;
- Equips Staff with the Right Tools to Perform Our Work – 84% say it's important; 41% say it describes their firm very well; and
- Offers the Best Pricing/Value – 84% also say it's important; 39% say it describes their firm very well (Figure 6).

Legal departments' increased expectations are reflected in the fact that the importance of all the attributes increased in 2022. Offers the Best Pricing/Value increased the most, up 9 points from 75% in 2021 to 84% in 2022, followed by Able to Help Us with Legal Technology Selection/Implementation, up 8 points from 76% in 2021 to 84% in 2022.

While the gaps in expectations and experience remains significant, organizations were slightly more optimistic in 2022 than in 2021 in terms of their firms' capabilities.

In addition, the majority of corporate legal departments say their firm relationship is better today than it was before the pandemic: 55% of legal departments report that their client-firm relationship has improved compared to before the pandemic, while 42% say it's stayed the same. Only 3% say it has worsened.

Most client-firm relationships have improved since pre-pandemic

55% of legal departments say that their relationship with their firm has improved since before the pandemic; while 42% say it's stayed the same. Only 3% believe their relationship has worsened.

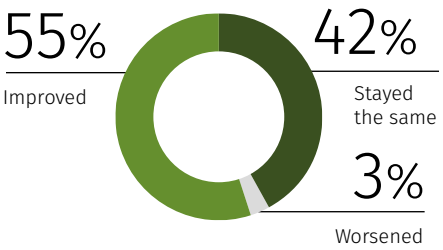


Figure 6: Client expectations exceed what firms deliver

2022 Finding: *More than 75% of legal departments say these attributes are important in choosing a law firm; fewer than one-half say any of these attributes describe their current firm very well.*

2022 Trend: *Importance of technology continues to increase but value also is important. The attributes increasing most in importance from 2021 are Offers the Best Pricing/Value (up 9 points) and Able to Help Us with Legal Technology Implementation (up 8 points).*

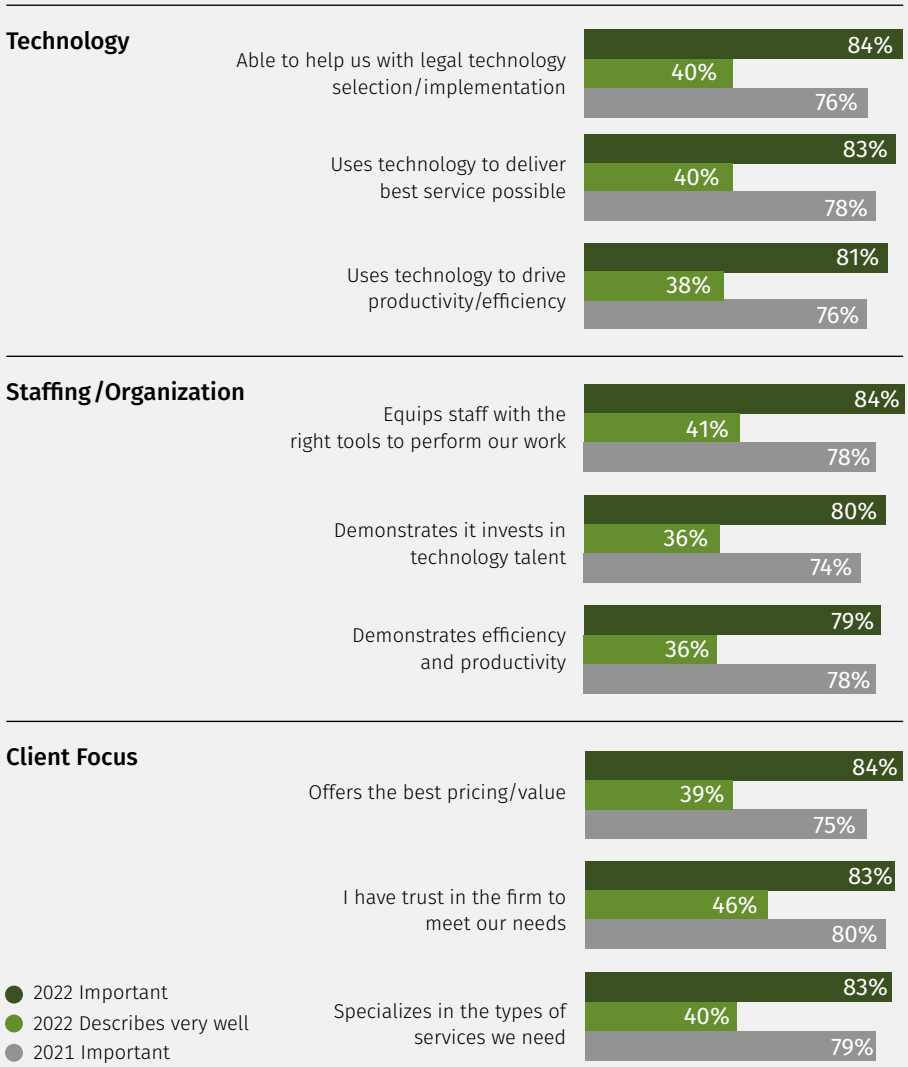
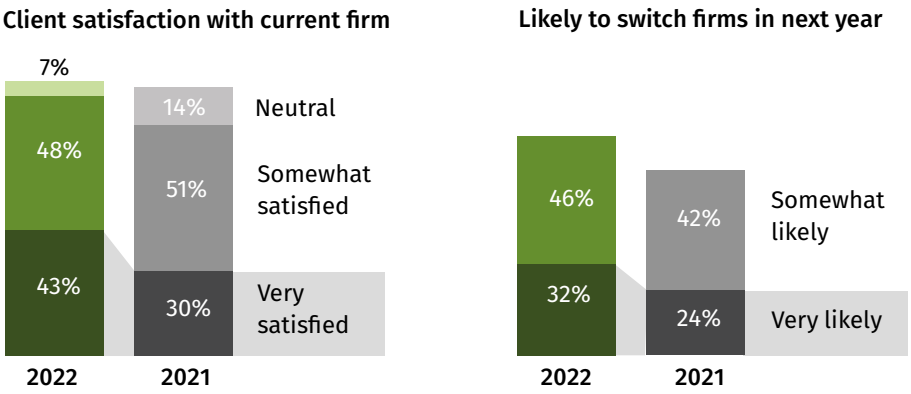


Figure 7: More clients are satisfied, yet firms face higher risk of being fired

2022 Finding: *43% of legal departments are very satisfied with their law firms. 32% are very likely to switch firms in the next year.*

2022 Trend: *Despite more legal departments being satisfied with their current firms, more also are likely to switch firms, indicating that clients regularly evaluate their firm relationships and expect increasingly higher levels of value and performance to meet a range of evolving needs.*



Moreover, 43% of legal departments say they are very satisfied with their current firm, up 13 points from 2021, and 48% are somewhat satisfied (Figure 7).

At the same time, the *Survey* shows a clear trend that law firms are at a higher risk today of being fired by their clients. Legal departments increasingly say that they are likely to consider change: 32% of corporate lawyers now say their organization is very likely and 46% are somewhat likely to switch law firms in the coming year to more fully meet their expectations and changing needs. Only 24% were very likely to do so and 42% were somewhat likely to do so in 2021.

Top 5 reasons legal departments would switch law firms

1. If the firm did not demonstrate efficiency and productivity
2. If the firm did not equip its staff with the right tools to perform our work
3. If I no longer had trust in the firm to meet our needs
4. If the firm did not specialize in the types of services we need
5. If the firm was not leveraging technology to deliver the best service possible

The leading reason corporate clients would fire a firm is if the firm did not demonstrate efficiency and productivity, followed by lack of equipping firm staff with the tools needed, lack of trust to meet needs, lack of specialization in services needed and not leveraging technology to deliver the best service possible.

As the *Survey* findings show, no single attribute is used to evaluate new or existing client-firm relationships. However, legal departments are actively evaluating the value they are receiving against the results they need across a range of attributes based on changing demands. It's clear that firms cannot simply rely on keeping "satisfied" clients. They need to continuously look for ways to increase their value, exceed expectations and create agile organizations ready to respond to emerging client needs.

✔ At a Glance: The changing client-firm relationship

Legal departments' top evaluation criteria for law firms

- Ability to Use Technology to Improve Productivity/Efficiency and Collaboration/Work Processes
- Ability to Understand Client Needs/Partner with Clients
- Specialization

Technology matters

- 70% of legal departments ask the law firms they're evaluating about the technology they use to be more productive and efficient; 97% plan to ask
- 91% of legal departments say it will be important over the next three years to have a law firm that fully leverages technology
- 84% of legal departments say it's important the firm they choose is Able to Help Them with Legal Technology Selection/Implementation

Satisfaction not enough

- 43% of legal departments are very satisfied with their law firms
- 32% are very likely to switch firms in the coming year

The changing legal department

The extreme pressure on legal departments continues to intensify. Faced with bigger workloads and tighter budgets, legal departments are turning to technology and new ways of working, as they also strive to control spending on outside legal costs.

According to the *Future Ready Lawyer Survey* findings, top challenges for legal departments are:

- Managing the Growing Demands of the Corporate Legal Department;
- Influencing Change in Law Firms; and
- Improving Legal Operations and Legal Project Management.

The top areas where legal departments expect the greatest change over the next three years are:

- Greater Use of Alternative Fee Arrangements, 86%;
- Greater Insourcing of Legal Work, 86%; and
- Greater Use of Technology to Improve Productivity, 85% (Figure 8).

As corporate lawyers focus on finding new ways to more effectively manage their increasing workload, the *Survey* shows a significant and growing trend across legal departments over the past three years in "who" does the work:

- Greater Insourcing of Legal Work is up 15 points to 86% in 2022, from 71% in 2020;
- Greater Use of Contract Staff is up 15 points to 84% in 2022, from 69% in 2020;
- Greater Use of Alternative Legal Service Providers (ALSPs) is up 16 points to 84% in 2022, from 68% in 2020;
- Greater Use of Non-legal Staff to Perform Work is up 17 points to 84% in 2022, from 67% in 2020;

Figure 8: Expected changes in legal departments

2022 Finding: *The majority of corporate lawyers continue to expect changes in how their departments deliver services: Greater Use of Alternative Fee Arrangements and Greater Insourcing of Legal Work top the list, followed closely by Greater Use of Technology to Improve Productivity.*

2022 Trend: *All changes gained momentum over 2021, those with the most change are Greater Use of Non-Legal Staff to Perform Work (up 14 points), Greater Use of ALSPs (up 11 points) and Greater Insourcing of Legal Work and More Self-Service by Clients (up 10 points).*

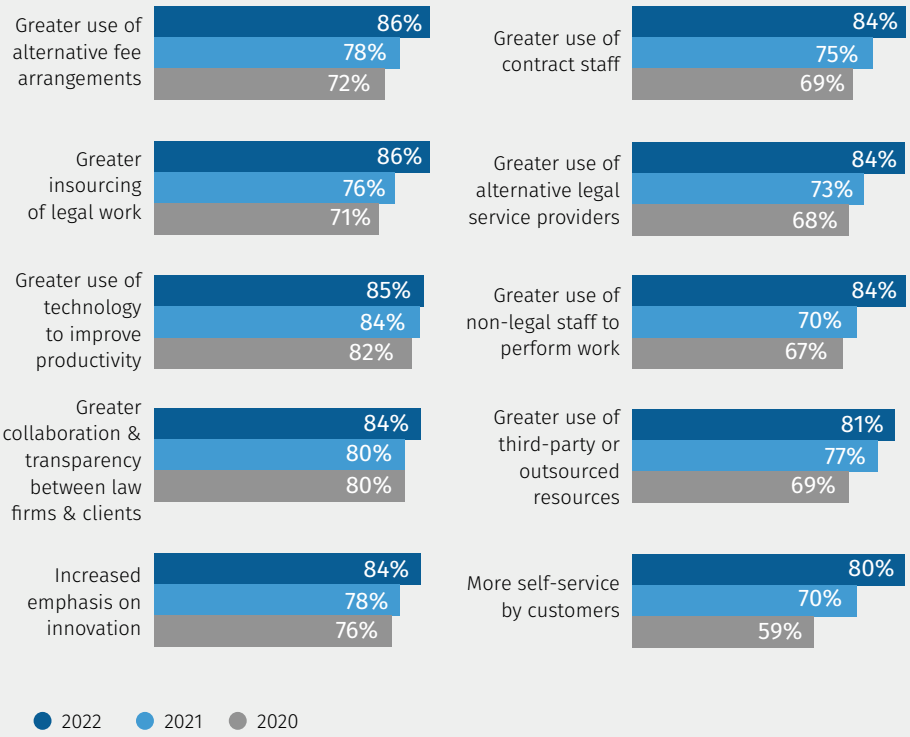


Figure 9: Who does the work is changing for legal departments

Who does the work in legal departments has changed dramatically over the past three years, with significant increases across a range of external providers and self-services.

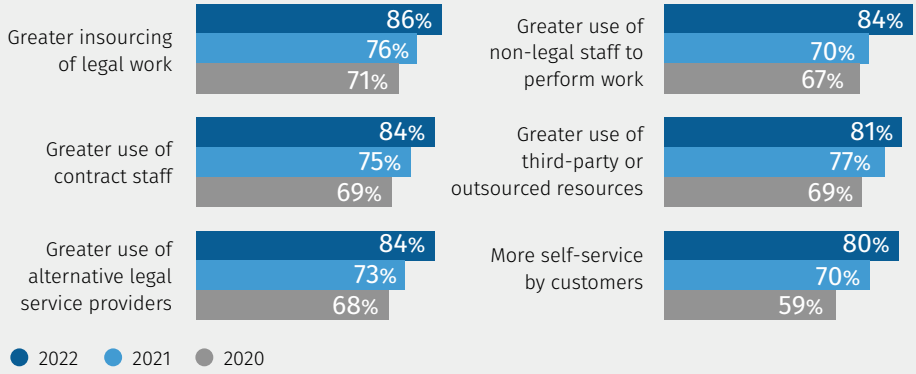


Figure 10: Ongoing impact of the great resignation

86% of lawyers say their legal department has already experienced a significant impact from the great resignation. As 70% of corporate lawyers indicate they are very or somewhat likely to leave their current legal department in the next year, that trend will continue.

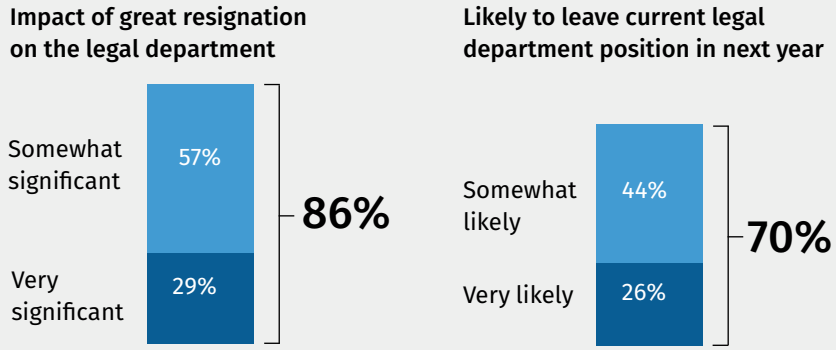
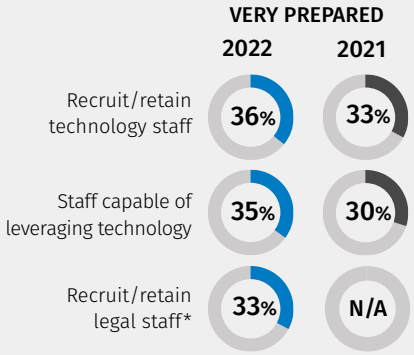


Figure 11: Talent issues challenge legal departments

Corporate legal departments are challenged to recruit and retain legal and technology staff. Only about one-third are confident they can tackle talent issues.



* New response option for 2022

- Greater Use of Third-party or Outsourced Resources is up 12 points to 81% in 2022, from 69% in 2020; and
- More Self-service by Customers is up 21 points to 80% in 2022, from 59% in 2020 (Figure 9).

Legal departments' efforts to further bolster their teams with a range of external resources come at a critical time as they now prepare to face the new talent challenges that have emerged from the pandemic.

The in-house talent challenge

The "great resignation" has had worldwide impact, and as record-level resignation rates continue in 2022, the legal profession has faced unprecedented retention and recruiting challenges. While some maintain that the great resignation may more aptly be called the "great reshuffling" – as lawyers stay in the profession but change employers – the disruptive and costly impact on organizations remains high.

Findings from the *Survey* show that the vast majority of legal departments – 86% – report they have experienced some or very significant impact from accelerated employee turnover. Moreover, turnover is expected to continue over the next year: 26% of corporate lawyers say they are very likely to leave their current department and 44% say they are somewhat likely to do so (Figure 10).

Overall, legal departments do not appear to be well-prepared to deal with these developments:

- Only 36% of lawyers believe their legal department is very prepared to Recruit/Retain Technology Staff; and
- Only 33% believe their department is very prepared to Recruit/Retain Legal Staff (Figure 11).

The *Survey* found that legal departments can do more to understand and meet employee needs. Fewer than 44% of corporate lawyers say their organization is very good at delivering on their top 10 important workplace attributes.

For example, Career Development/ Faster Promotion Opportunities is of top importance for corporate lawyers. However, only 39% of corporate lawyers say their department is very good at delivering on this. Likewise, the next two most important areas are Work-Life Balance – Moderate Workload and Clear Investments in Tools and Technology to Get My Job Done, yet only 40% and 37% of corporate lawyers respectively believe their organization is very good at providing this.

The table on the right shows the workplace attributes lawyers identified as the most important, in order of importance, and the percent who say their organization is very good at providing these attributes. As noted, organizations are falling short across the board in meeting corporate lawyers' needs.

Additionally, there's a misalignment between what professionals find important and where organizations perform better. Companies seem to do better in areas that may have been more important to lawyers in the past, but are less important to today's professionals – suggesting they are not keeping up with lawyers' changing needs. For example, Job Security ranks near the bottom of the list in terms of importance – yet companies score strongest here at 43%. Next, competitive compensation comes in sixth on importance, with companies scoring 42%.

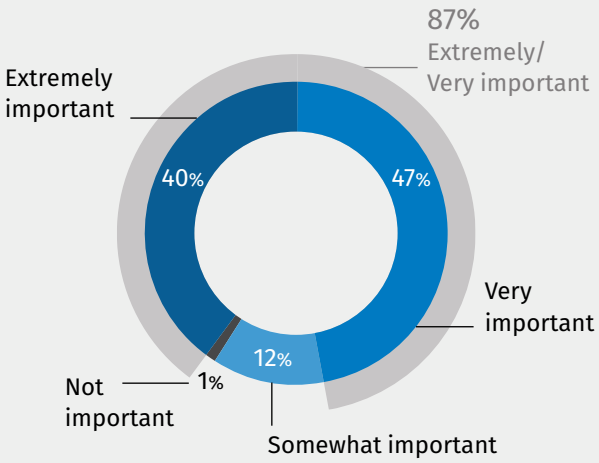
Workplace expectations: Top 10 areas of importance for corporate lawyers (in order of importance)	Organization is very good at providing
1. Career development/faster promotion opportunities	39%
2. Work-life balance – moderate workload	40%
3. Clear investments in tools and technology to get my job done	37%
4. Recognition for my work/a clear sense of purpose	34%
5. A purpose-driven organization	41%
6. Competitive compensation	42%
7. A diverse and inclusive culture	36%
8. Job security	43%
9. Challenging, high-value work	39%
10. Hybrid/remote work	38%

As shown above, Clear Investments in Tools and Technology to Get My Job Done is among the top three areas of importance to corporate lawyers. Underscoring this, the vast majority of corporate lawyers – 87% – say it's extremely or very important to work for a legal department that fully leverages technology, according to the *Survey* findings (Figure 12).

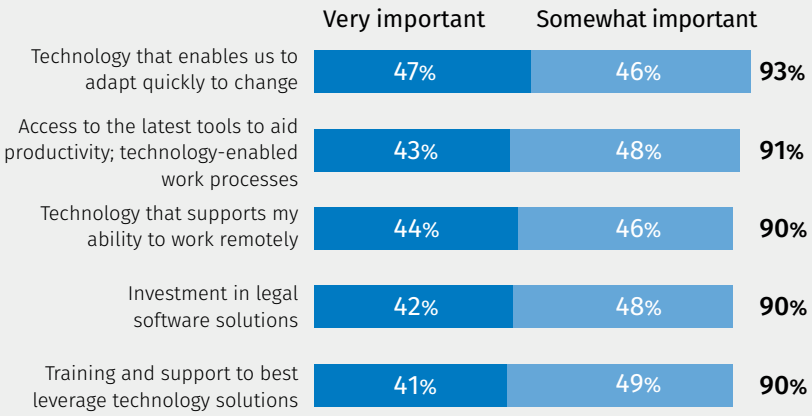
Figure 12: Lawyers want to work in tech-savvy legal departments

87% of corporate lawyers say it is extremely or very important for them to work for a legal department that fully leverages technology. Technology that allows lawyers to adapt quickly to change is of the highest importance.

Importance of working for tech-savvy legal department



Important work technologies



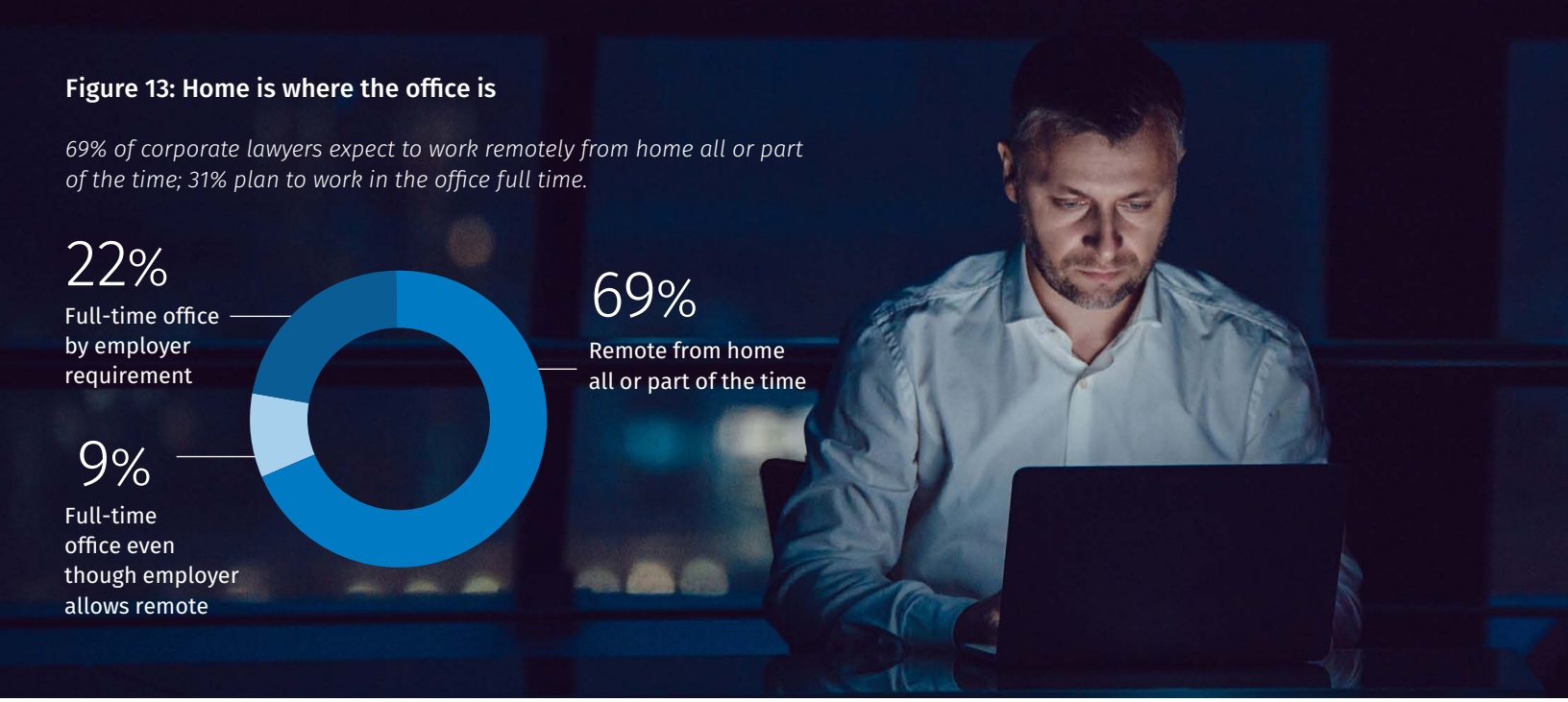


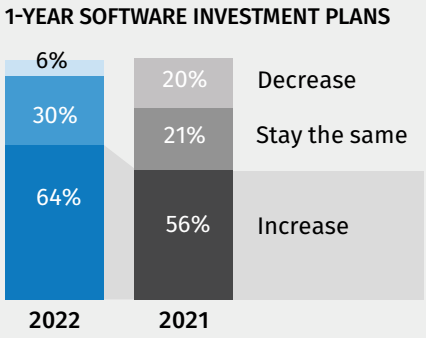
Figure 13: Home is where the office is

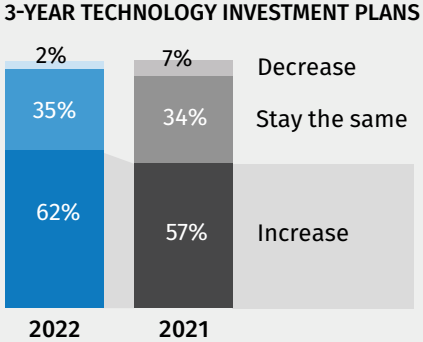
69% of corporate lawyers expect to work remotely from home all or part of the time; 31% plan to work in the office full time.

Figure 14: Short- and long-term tech investment continues to increase

2022 Finding: *64% of legal departments expect their near-term investment in software to support legal work to increase, and 62% expect their three-year technology investment to increase.*

2022 Trend: *More legal departments report they are increasing both their one- and three-year spending compared to 2021.*





More specifically, at least 9 out of 10 corporate lawyers report various technologies and tools are important to them in their work environment:

- Technology that Enables Us to Adapt Quickly to Change, 93%;
- Access to Tools to Aid Productivity/ Technology-enabled Work Processes, 91%;
- Technology That Supports My Ability to Work Remotely, 90%;
- Investment in Legal Software Solutions, 90%, and
- Training and Support to Best Leverage Technology Solutions, 90% (Figure 12).

Yet, even while 90% of lawyers say training and support in technology is important, only 35% believe their department is very prepared with Staff Capable of Leveraging Technology (Figure 11, page 14).

Pre-pandemic, remote work was the exception for many lawyers. Today, corporate lawyers have changed how and where they work, and that is expected to continue into the future:

- 69% expect to work remotely from home all or part of the time;
- 31% will return to the office full time:
  - 9% are choosing to return to the office even though their employer allows remote work; and
  - 22% will work from the office as required by their employer (Figure 13).

However, many corporate lawyers may face a challenge in working remotely as only 36% say their department is very prepared to Fully Deploy Technology to Sustain a Flexible/Hybrid Employee Work Environment (Figure 17, page 18).

Legal departments continue to invest in change

The continuing and growing importance of technology to the majority of corporate legal departments is evident in both their short- and long-term technology investments, according to the *Survey*.

In the next year, 64% of lawyers expect their legal department will increase their spending on software to support legal work and 30% expect investments to stay about the same. This is up from 56% who expected their one-year software investments to increase in 2021 and 21% who expected their one-year software investment would remain the same (Figure 14).

Similarly, 62% of lawyers expect their legal department technology investment to increase over the next three years while 35% expect the investments to stay about the same. This is up from 57% who expected an increase in 2021 and 34% who expected investments to remain the same.

Figure 15: Technologies most important to legal departments

Legal Matter Management and Contract Management lead the list of the top technologies by corporate lawyers.

Top technologies ranked by corporate lawyers

1	Legal matter management
	Contract management software/contract analytics
2	Document management
	Cybersecurity & encryption tools
3	e-signature
	Corporate housekeeping (e.g., entity management)
4	Corporate e-meetings and e-voting management
	Knowledge management
	Third-party risk management
5	Legal spend management
	Decision support tools (e.g., predictive analytics)
	Digital court proceedings
6	Collaboration software
7	e-discovery

As legal departments examine what they will invest in, corporate lawyers identified the technologies they believe are most important to their organization. Top technologies include:

- Legal Matter Management;
- Contract Management Software/ Contract Analytics;
- Document Management;
- Cybersecurity and Encryption Tools;
- e-signature; and
- Corporate Housekeeping (e.g., Entity Management) (Figure 15).

Yet, as departments continue to invest in technologies to help them improve productivity, they also experience resistance to new technology.

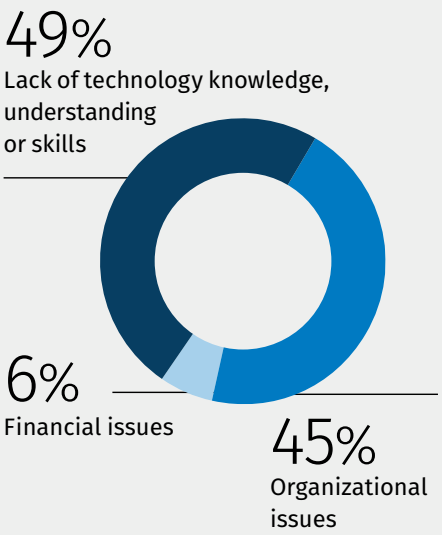
For the first time, the most commonly cited reason technology is resisted within legal departments is the Lack of Technology Knowledge, Understanding or Skills, according to 49% of corporate lawyers (Figure 16). This is up 9 points from 40% in 2021, indicating departments are now more often struggling with a lack of IT staff/skills, a lack of understanding of what technology is available or a lack of training.

In 2022, Organizational Issues are cited as the second obstacle to tech adoption by 45%, down from 47% in 2021. In the prior two years, Organizational Issues was the top reason for resistance. This indicates that the cultural fears and objections that blocked adoption in the past are subsiding. At the same time, legal professionals increasingly recognize that they are challenged to understand and optimize new technology.

Figure 16: Reasons new technology is resisted in legal departments

2022 Finding: *Lack of Technology Knowledge, Understanding or Skills surpassed Organizational Issues as the leading reason for resistance in legal departments (up from 40% in 2021 to 49% in 2022).*

2022 Trend: *Financial Issues continue to decline as reason for resistance (dropping from 13% in 2021 to 6% in 2022).*



Lack of technology knowledge, understanding or skills

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

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

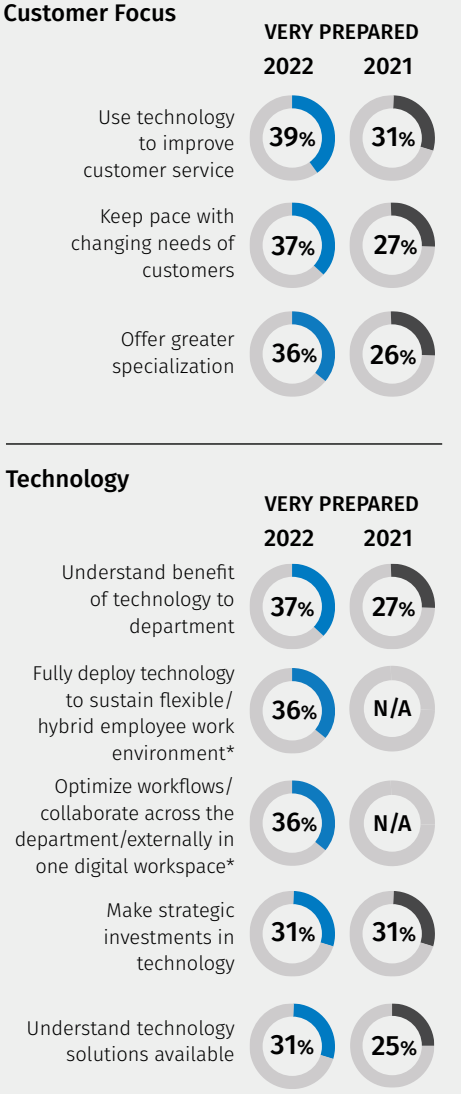
Financial issues

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

Figure 17: Preparedness challenges in customer focus & technology strategy

2022 Finding: *Fewer than 40% of corporate lawyers believe their legal department is very prepared to address any of these needs.*

2022 Trend: *Legal departments made gains in almost every area. In customer focus, the biggest increase from 2021 is in Keeping Pace with Changing Needs of Customers and Specialization (up 10 points). In technology, the biggest increase is in Understanding the Benefit of Technology to Department (up 10 points).*



* New response options for 2022

Financial Issues continues its year-on-year decline as a reason technology is resisted, down to just 6% in 2022 from 13% in 2021 and 15% in 2020.

The lack of technology knowledge, understanding or skills could have a significant impact on departments' readiness to implement technologies and their ability to realize a good return from their technology investments, as explored below.

Legal department change readiness

Although legal departments are evolving to keep pace with escalating demands, many are not as prepared as they need to be to thrive in the VUCA environment.

In terms of talent, this includes shortfalls in areas of recruitment, retention and support (Figure 11, page 14). This lack of preparedness also is seen across customer-centric areas of their departments. For example, only:

- 39% say their department is very prepared to Use Technology to Improve Customer Service;
- 37% are very prepared to Keep Pace with Changing Customer Needs; and
- 36% are very prepared to Offer Greater Specialization (Figure 17).

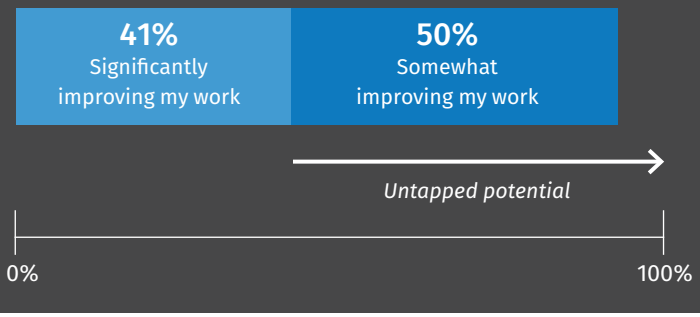
In each of these three customer-centric areas, more lawyers in 2022 reported their department is very prepared than did so in 2021. However, even with incremental increases in preparedness in the past year, fewer than 40% believe their department is very prepared, indicating more progress is needed.

As legal departments rely increasingly on technology, the lack of preparedness related to their investment, use and understanding of technology could have a significant impact on the future effectiveness of their legal department. For example:

- Understanding the Benefit of Technology to the Department, only 37% say their department is very prepared;
- Fully Deploying Technology to Sustain a Flexible/Hybrid Employee Work Environment, 36% say their department is very prepared;
- Optimizing Workflows/Collaboration Across the Department/Externally in One Digital Workspace, 36% say their department is very prepared;
- Making Strategic Investments in Technology, 31% say their department is very prepared; and
- Understanding Technology Solutions Available, 31% say their department is very prepared.

Figure 18: Technology's impact on day-to-day work in legal departments

Despite the increasing importance of and investment in technology, just 41% of corporate lawyers say technology is significantly improving their day-to-day work, leaving untapped potential to realize greater benefits.



Relating to the day-to-day lives of corporate lawyers, this lack of preparedness can be summed up in unrealized gain: Nearly universally, at 91%, corporate lawyers say technology is improving their day-to-day work, but only 41% see it contributing significantly to work improvement. The potential is there. It simply is not being fully realized (Figure 18).

Looking at foundational technologies legal departments rely on today, fewer than one-half say their legal department uses these technologies very well. Specifically, the *Survey* found:

- 43% of lawyers say their legal department is very good at using Legal Practice Management Solutions;
- 41% of lawyers say their legal department is very good at using Online Legal Research Solutions; and
- 40% of lawyers say their legal department is very good at using Enterprise Legal Management Solutions (Figure 19).

Each of these technologies is essential to modern legal departments in running everyday operations. Yet, lawyers see significant room for improving their use.

Improving the use of foundational technologies could be essential in enabling the use of transformational technologies that many lawyers say will have a significant impact on their department.

The importance legal departments place on transformational technologies climbed significantly over 2021. More than 75% of corporate lawyers say transformational technologies will impact their organization over the next three years. And, while understanding also has increased from 2021, it is still not keeping pace with the level of understanding needed given the impact expected. Specifically:

- 81% say Robotic Process Automation will have an impact on their department over the next three years, up from 69% in 2021; only 35% say they understand it very well;
- 80% say Artificial Intelligence will have an impact, up from 70% in 2021; only 34% understand it very well;
- 78% say Machine Learning will have an impact, up from 71% in 2021; only 35% understand it very well;
- 78% say Blockchain will have an impact; only 35% say they understand it very well (new item, no comparative data for 2021); and
- 77% say Big Data & Predictive Analytics will have an impact, up from 75% in 2021; only 30% understand it very well (Figure 20).

Figure 19: Corporate lawyers still struggle with foundational technologies

Fewer than one-half of legal department lawyers report their organization uses foundational technologies very well.

USE VERY WELL

43%
Legal practice management

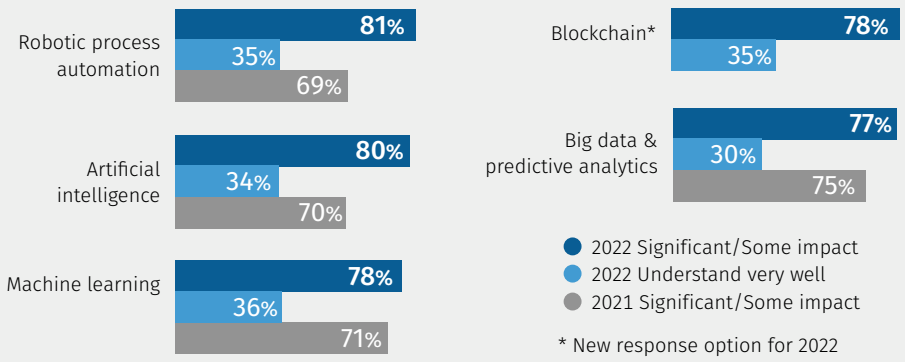
41%
Online legal research solutions

40%
Enterprise legal management

Figure 20: Impact of transformational technology climbs, while understanding lags

2022 Finding: *Increasingly, corporate lawyers say these transformational technologies will have an impact on their organization in the next three years, yet fewer than 40% understand them very well.*

2022 Trend: *Impact is up over 2021 in each area, with Robotic Process Automation seeing the biggest increase (up 12 points); AI also saw big gains (up 10 points).*



Legal departments that are Technology Leaders outperform others in all areas

Since 2019, Future Ready Lawyer Survey findings demonstrate year after year that legal departments that are *Technology Leaders* outperform other organizations that are *Transitioning* in their use of technology, with advantages across the board.

Technology Leading legal departments outperform others	Tech Leaders – Very prepared	Transitioning – Very prepared
Meeting company demand for ESG guidance	50%	27%
Using technology to improve service to customers (e.g., enabling greater collaboration, more strategic counsel, flexible service models, focus on user experience, etc.)	46%	31%
Understanding technology and how it can benefit our department	45%	30%
Offering greater specialization	43%	29%
Recruiting and retaining the technology staff needed to effectively support our department	43%	27%
Keeping pace with changing needs of customers	41%	33%
Optimizing workflows and collaboration across the department, business and external service providers in one digital workspace	41%	32%
Developing skills to ensure staff is capable of leveraging technology	41%	30%
Recruiting and retaining legal staff	40%	26%
Making the needed strategic investments in technology	39%	22%
Fully deploying technology to sustain a flexible and hybrid work environment for employees	37%	36%
Understanding what technology solutions are available	35%	26%

At a Glance: The changing legal department

Top changes expected

- 86% expect Greater Use of Alternative Fee Arrangements
- 86% expect Greater Insourcing of Legal Work
- 85% expect Greater Use of Technology to Improve Productivity

Top three attributes legal talent want but aren't always getting

- Career Development/Faster Promotion Opportunities, only 39% say their department is very good at offering
- Work-life Balance – Moderate Workload, only 40% say their department is very good at offering
- Clear Investments in Tools and Technology to Get My Job Done, only 37% say their department is very good at offering

Reasons technology resisted

- 49% cite Lack of Technology Knowledge, Understanding or Skills
- 45% cite Organizational Issues
- 6% cite Financial Issues

Technology investment & use

- 64% of legal departments will increase their investment in software to support legal work over the next year and 62% will increase overall technology investments over the next three years.
- Technologies most often ranked most important to legal departments are:
  - Legal Matter Management
  - Contract Management Software/Contract Analytics
  - Document Management
  - Cybersecurity & Encryption Tools
  - e-signature
  - Corporate Housekeeping (e.g., Entity Management)
- More than 70% expect transformational technologies – such as Robotic Process Automation, AI, Machine Learning, Blockchain, Big Data and Predictive Analytics – to impact their department over the next three years. However, fewer than 40% understand these technologies very well.

Technology Leaders have the competitive advantage

- Year after year, legal departments that are *Technology Leaders* outperform other organizations that are *Transitioning* in their use of technology, with advantages across the board.

The changing law firm

Change continues to accelerate across law firms. From the services firms offer to how they work with clients, as well as leverage technology and talent, all show higher rates of change in 2022, according to the *Future Ready Lawyer Survey*. The top three areas where most law firms project change over the next three years are:

- 88% expect Greater Specialization of Legal Services Offered by Firms;
- 85% expect Greater Collaboration and Transparency Between Firms and Clients; and
- 82% expect Greater Use of Technology to Improve Productivity (Figure 21).

As is true with corporate legal departments, one of the biggest changes firms have experienced over the past three years is in "who" does the work. According to *Survey* findings, firms report:

- Greater Use of Third-party or Outsourced Resources is up 25 points to 81% in 2022, from 56% in 2020;
- Greater Use of Non-legal Staff to Perform Work is up 14 points to 78% in 2022, from 64% in 2020;
- Greater Use of Contract Staff, up 20 points to 78% in 2022, from 58% in 2020; and
- More Self-service by Clients, up 18 points to 77% in 2022, from 59% in 2020 (Figure 22).

Figure 21: Expected changes in law firms

2022 Finding: *The overwhelming majority of lawyers expect to see changes in how their law firm delivers services, with Greater Specialization of Legal Services topping the list again in 2022, followed by Greater Collaboration and Transparency Between Firms and Clients.*

2022 Trend: *All changes gained momentum over 2021, with the biggest increase in Greater Use of Third-party or Outsourced Resources (up 13 points) and Greater Use of Contract Staff (also up 13 points).*

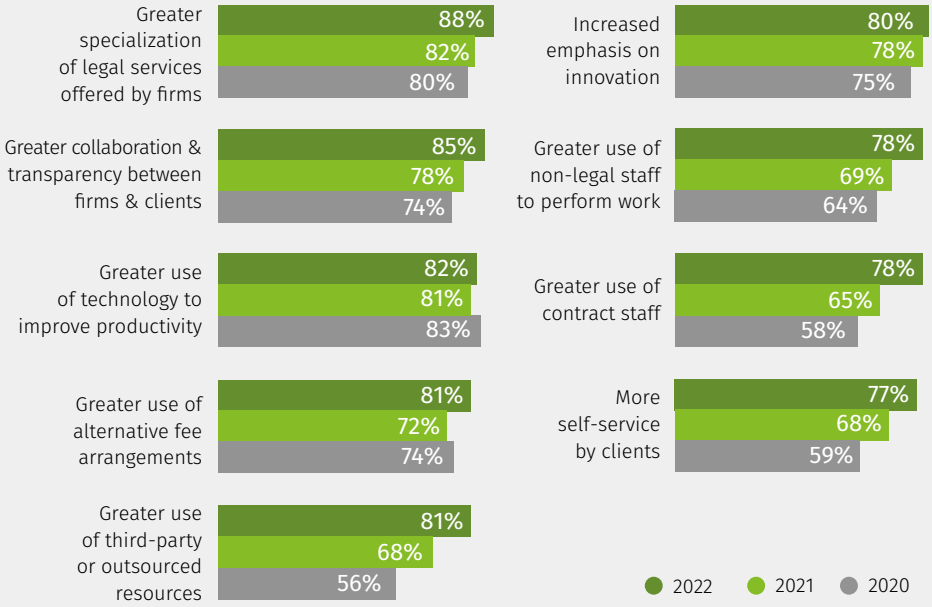


Figure 22: Who does the work is changing for law firms

Who does the work in law firms has changed dramatically over the past three years, with significant increases across a range of providers and self-services.

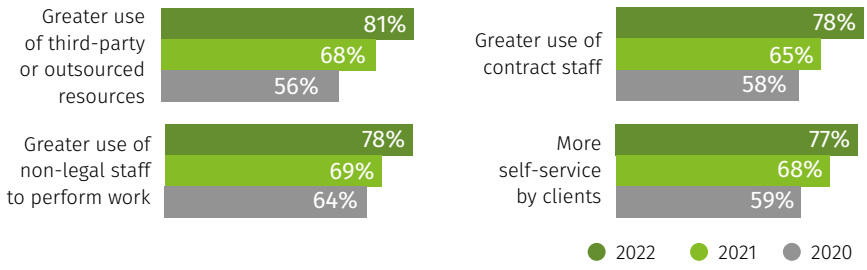


Figure 23: Productivity and service improvements on the rise

In 2022, law firms continue to respond to client expectations using a variety of means to improve productivity and services.

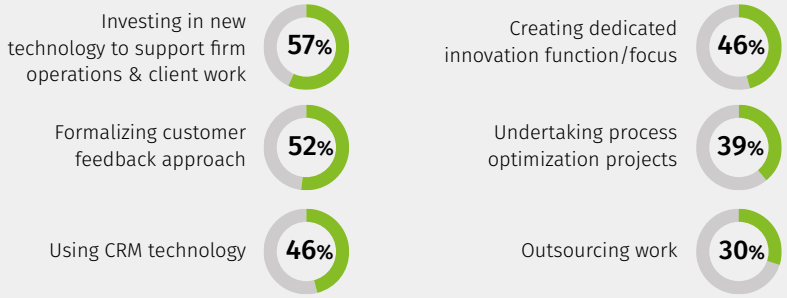


Figure 24: Ongoing impact of the great resignation

70% of lawyers say their firm has already been impacted by the great resignation. Staffing churn is likely to continue, with 58% of lawyers indicating they are very or somewhat likely to leave their current firm during the next year.

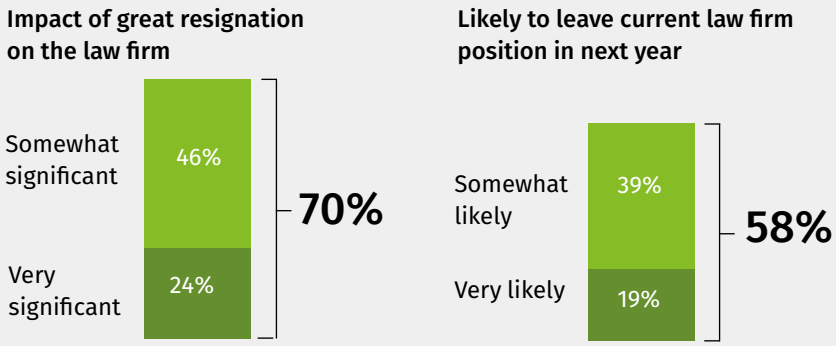
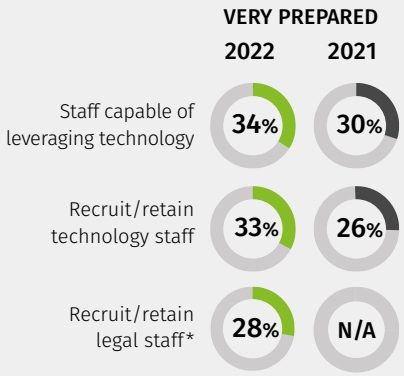


Figure 25: Law firms face a talent challenge

With talent challenges increasing over the past year, lawyers were asked about their firm's ability to Recruit/Retain Legal Staff. Just 28% said their firm was very prepared.



* New response option for 2022

As client expectations continue to intensify, many firms are taking action to improve productivity, elevate client services, increase innovation and optimize processes:

- 57% of firm lawyers are Investing in New Technology to Support Firm Operations and Client Work;
- 52% are Formalizing Customer Feedback Approach;
- 46% are Using CRM Technology;
- 46% are Creating Dedicated Innovation Function/Focus;
- 39% are Undertaking Process Optimization Projects; and
- 30% are Outsourcing Work (Figure 23).

While there have been year-on-year increases in most areas, the pace of improvement for law firms over the past three years has been incremental, with no significant gains in any area.

Law firms face a talent challenge

As with corporate legal departments, law firms are faced with a growing talent challenge.

Findings from the *Future Ready Lawyer Survey* show that 70% of lawyers say their firm has experienced a very or somewhat significant impact from the great resignation. And the trend will continue: 58% of firm lawyers say they are very to somewhat likely to leave their position in the next year. Specifically, 19% of lawyers say they are very likely to leave in the next year, and 39% more say they are somewhat likely to leave (Figure 24).

Unfortunately, firms are not ready to successfully manage this challenge:

- Only 28% of lawyers believe their firm is very prepared to Recruit/Retain Legal Staff; and
- Only 33% of lawyers believe their law firm is very prepared to Recruit/Retain Technology Staff (Figure 25).

Stemming the resignation tide and strengthening recruitment capabilities are critically important today, and firms

can make progress in these areas by better understanding and meeting professionals' workplace expectations.

According to the *Survey* findings, however fewer than 37% of lawyers say their firm is very good at delivering on their top 10 important workplace attributes.

As an example, firm lawyers most commonly rank Work-Life Balance – Moderate Workload as their top priority for their workplace. Yet only 34% of lawyers say their firm does a very good job delivering on this. Similarly, the next two most important attributes are Career Development/Faster Promotion Opportunities and Recognition for My Work/A Clear Sense of Purpose, but just 34% of lawyers believe their firm is very good at providing this. Given the increasing pressures of keeping and recruiting professional staff, firms will need to do more to ensure they're delivering on what's important to professionals.

The table above shows the workplace attributes lawyers in law firms identified as the most important, in order of importance, and the percent who say their organization is very good at delivering on them.

Workplace expectations: Top 10 areas of importance for law firm lawyers (in order of importance)	Firm is very good at providing
1. Work-life balance – moderate workload	34%
2. Career development/faster promotion opportunities	34%
3. Recognition for my work /a clear sense of purpose	34%
4. Challenging, high-value work	34%
5. Competitive compensation	35%
6. Job security	35%
7. Clear investments in tools and technology to get my job done	35%
8. Hybrid/remote work	30%
9. A purpose-driven organization	35%
10. A diverse and inclusive culture	36%

Note that lawyers say their firm is performing less well in areas that are most important to them.

The *Future Ready Lawyer Survey* also looked at the importance of technology to law firm talent. A vast majority of firm lawyers – 83% – say it's extremely or very important to work for a firm that fully leverages technology (Figure 26).

A strong majority of firm lawyers report various technologies and tools are important to them in their work environment:

- Access to the Latest Tools to Aid Productivity; Technology-enabled Work Processes, 92% say important;
- Technology that Enables Us to Adapt Quickly to Change, 90%;
- Investment in Legal Software Solutions, 90%;
- Training and Support to Best Leverage Technology Solutions, 88%; and
- Technology that Supports My Ability to Work Remotely, 87%.

Yet, even though 88% of lawyers report technology training and support are important to them, as noted earlier, only 34% say their firm is very prepared with Staff

Figure 26: Lawyers want to work in tech-savvy law firms

83% of all firm lawyers say it is extremely or very important to them to work for a firm that fully leverages technology. Access to the latest tools is most important.

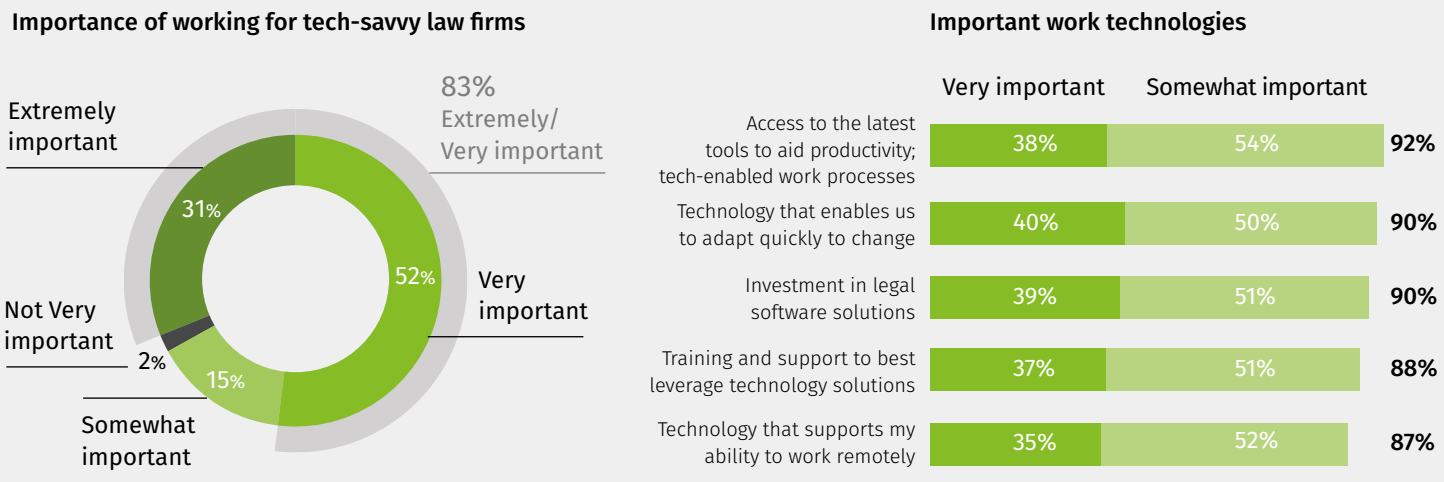
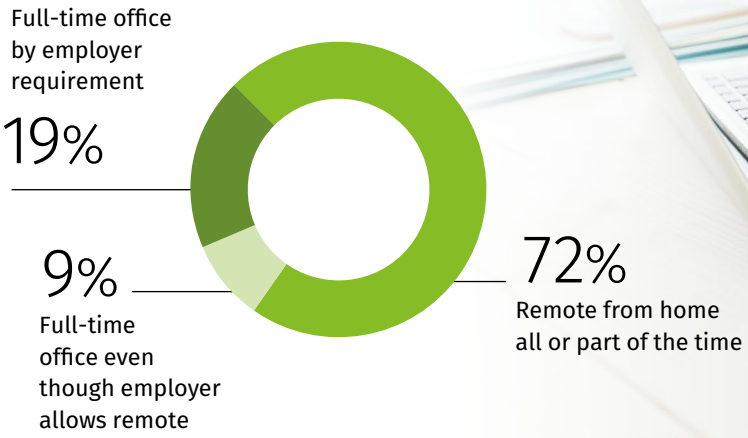
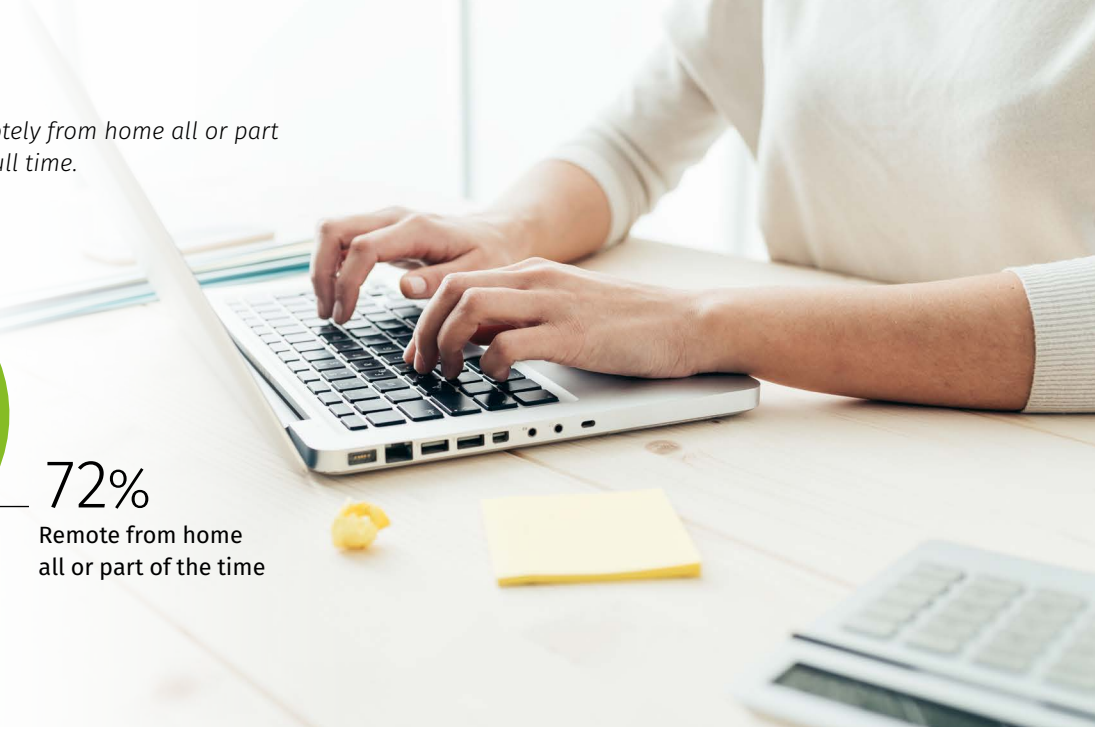


Figure 27: Hybrid is here to stay

72% of law firm lawyers expect to work remotely from home all or part of the time; 28% plan to work in the office full time.





Capable of Leveraging Technology (Figure 25, page 22), demonstrating that firms can better support their teams.

Ensuring professionals have Technology that Supports their Ability to Work Remotely will be critical for the foreseeable future. As this relates to firm lawyers:

- 72% expect to work remotely from home all or part of the time going forward;
- 28% will work from the office full time:
  - 9% are choosing to return to the office even though their employer allows remote work; and
  - 19% will work from the office as required by their employer (Figure 27).

However, many firms may have a challenge to overcome, as only 29% of lawyers say their firm is very prepared to Fully Deploy Technology to Sustain a Flexible/Hybrid Employee Work Environment (Figure 31, page 26).

Law firms investing in change

Over the past several years, most law firms have been increasing their investment in technology. Most also plan to continue to invest more over the next several years. In the next year, 63% of lawyers say their firm plans to increase their investment in software to support legal work, while 28% expect it will remain the same. Those reporting an increase is up from 58% in 2021 (Figure 28).

Over the longer term, 66% say their firm's technology investment will increase over the next three years while 30% expect it will remain the same. The number expecting an increase is up from 63% in 2021.

As firms look at where they will make technology investments, lawyers say these

Figure 28: Short- and long-term tech investment continues to climb

2022 Finding: *63% of law firms expect their near-term investment in software to support legal work to increase and 66% expect their three-year technology investment to increase.*

2022 Trend: *More law firms report they are increasing both their one- and three-year spending compared to 2021.*

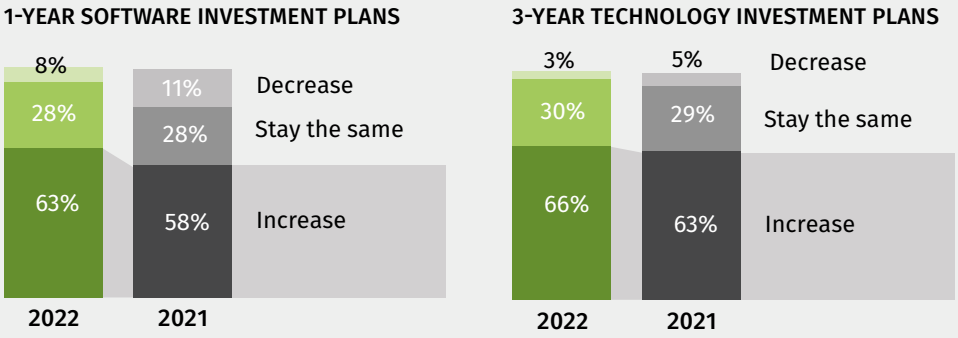


Figure 29: Technologies most important to law firms

Document Management, Cybersecurity & Encryption Tools and Digital Court Proceedings are the technologies law firms most often rank as the top most important technologies to their firms.

Top technologies ranked by law firm lawyers

1	Document management
2	Cybersecurity & encryption tools
	Digital court proceedings
3	Knowledge management
4	Corporate e-meetings and e-voting management
	e-signature
5	Contact and client management, CRM
6	Collaboration software
	Decision support tools (e.g., predictive analytics)
	Contract management software/contract analytics
7	Third-party risk management software
8	e-discovery

technologies are the most important to their firm. They include:

- Document Management;
- Cybersecurity and Encryption Tools; and
- Digital Court Proceedings (Figure 29).

While firms continue to increase investments in technology, they also continue to face resistance to new technology. According to the *Future Ready Lawyer Survey,* 47% of lawyers say Lack of Technology Knowledge, Understanding or Skills is the leading reason new technology is resisted within their law firm, significantly up from 35% in 2021 (Figure 30).

Organizational Issues ranks second as the reason new tech is resisted at 43%, down from 47% in 2021. As with corporate legal departments, in the prior two years, Organizational Issues had been the top reason for resistance. This indicates that for many firms, the cultural fears and objections that blocked adoption are subsiding. At the same time, legal professionals increasingly realize that they are challenged to understand and optimize new technology.

Financial Issues continues to decrease as a reason technology is resisted within firms and is now just 10% in 2022, down from 18% in 2021 and 26% in 2020.

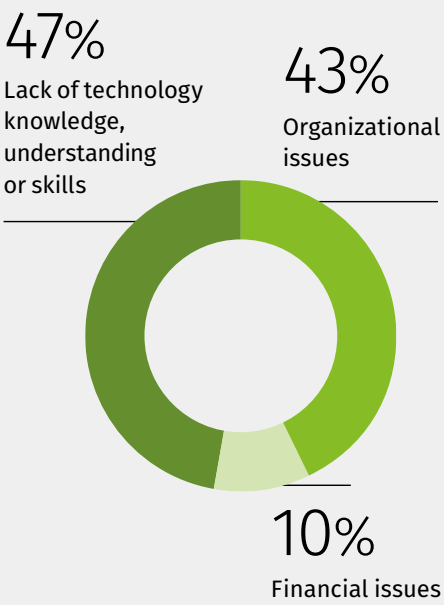
Law firm change readiness

As detailed in the Changing Client-Firm Relationship section earlier in this report, corporate clients are facing increasing demands. In turn, they have even higher expectations of their law firms.

Figure 30: Reasons new technology is resisted in law firms

2022 Finding: *Lack of Technology Knowledge, Understanding or Skills has surpassed Organizational Issues as the leading reason for resistance in law firms (up from 35% in 2021 to 47% in 2022).*

2022 Trend: *Financial Issues continues to decline as a reason for resistance (dropping from 18% in 2021 to 10% in 2022).*



Lack of technology knowledge, understanding or skills

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

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

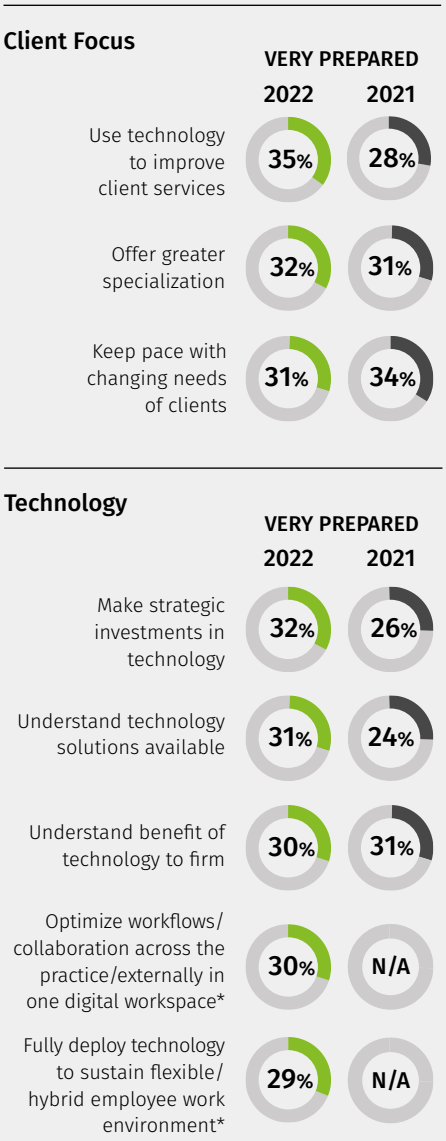
Financial issues

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

Figure 31: Preparedness challenges in client focus & technology strategy

2022 Finding: *35% of lawyers or fewer believe their law firm is very prepared to address any of these needs.*

2022 Trend: *Law firms made progress in almost every area except for Keeping Pace with Changing Needs of Clients (down 3 points) and Understanding Benefit of Technology to Firm (down 1 point).*



* New response options for 2022

And, more than ever, legal departments say they are ready to switch firms (Figure 7, page 12). Their top reasons for switching firms include If the Firm Did Not Demonstrate Efficiency and Productivity; and If the Firm Did Not Equip Its Staff with the Right Tools to Perform Our Work (page 12).

The message has been received and law firms are responding, with more than 80% saying they are offering Greater Specialization of Legal Services, Greater Collaboration & Transparency Between Firms and Clients and Greater Use of Technology to Improve Productivity (Figure 21, page 21).

However, firms can be better prepared when it comes to key client focus areas. For example:

- Only 35% of lawyers say their firm is very prepared in Using Technology to Improve Client Services;
- Only 32% are very prepared in Offering Greater Specialization; and
- Only 31% of lawyers are prepared in Keeping Pace with Changing Client Needs (Figure 31).

The number of lawyers reporting their firm is very prepared to Use Technology to Improve Client Services increased to 35% in 2022, up 7 points from 28% in 2021. However, there was a minimal increase in lawyers saying their firm is very prepared to Offer Greater Specialization, to 32% in 2022, up just 1 point from 31% in 2021.

Of high concern is the fact that the number of lawyers who believe that their firm is very prepared to Keep Pace with the Changing Needs of Clients declined 3 points to 31% in 2022, from 34% in 2021. Client demands continue to accelerate and firms that don't keep up are at high risk of being replaced by a more modern and agile firm, or alternate resources and providers.

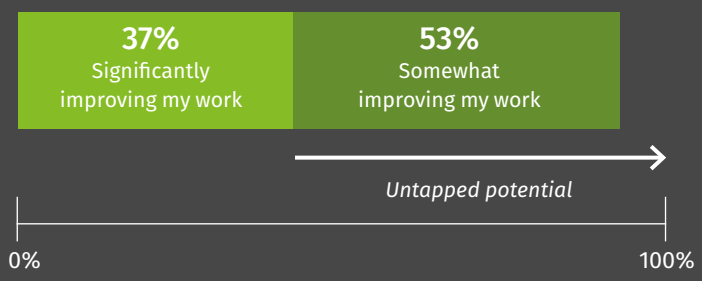
The data shows that technology is a critical investment for future ready firms. However, most lawyers are concerned their firm is not very prepared across a range of priority areas. For example:

- 32% are very prepared to Make Strategic Investments in Technology;
- 31% are very prepared to Understand Technology Solutions Available;
- 30% are very prepared to Understand the Benefit of Technology to the Firm;
- 30% are very prepared to Optimize Workflows/Collaboration Across the Practice/ Externally in One Digital Workspace; and
- 29% are very prepared to Fully Deploy Technology to Sustain Flexible/Hybrid Employee Work Environment.

As the *Survey* results show, firms are increasingly investing in technology and have deployed a range of technology tools and resources to support their organization

Figure 32: Technology's impact on day-to-day work in law firms

Despite the increasing importance of and investment in technology, just 37% of firm lawyers say technology is significantly improving their day-to-day work, leaving untapped potential to realize greater benefits.



and deliver service to clients. They still face challenges, however, in creating infrastructures capable of supporting their current and future needs.

This untapped potential is exemplified in firm lawyers' response on how technology impacts their own performance: 37% of lawyers say technology within their law firm is significantly improving their day-to-day work, while 53% say it is somewhat improving their day-to-day work. The potential for significant improvement is clear (Figure 32).

For example, 37% or fewer lawyers say that their firm is using foundational technologies very well. These are core technologies that most future ready firms have had in place for years. Surprisingly, they are not being fully optimized:

- 37% of lawyers say their firm is very good at using Online Legal Research Solutions;
- 36% of lawyers say their firm is very good at using Legal Practice Management Solutions; and
- 33% of lawyers say their firm is very good at using Time and Billing Solutions (Figure 33).

Firms will be further challenged in deploying the new technologies they expect to impact their firm if they are still struggling to leverage foundational technologies.

The paradox here is that an increasing number of lawyers believe that transformational technologies will impact their firm over the next three years, according to the *Survey*. However, a large majority of firm lawyers do not have a very good understanding of how these technologies will apply to their work.

According to law firms, top transformational technologies include:

- 81% say Big Data & Predictive Analytics will have an impact on their firm, up from 69% in 2021; only 26% understand it very well;
- 77% say Machine Learning will have an impact, up from 67% in 2021; only 35% understand it very well;
- 75% say Robotic Process Automation will have an impact, up from 63% in 2021; only 28% understand it very well;
- 73% say Artificial Intelligence will have an impact, up from 65% in 2021; only 29% understand it very well; and
- 71% say Blockchain will have an impact; only 27% say they understand it very well (new item, no comparative data for 2021) (Figure 34).

Figure 33: Law firms still struggle with foundational technologies

Fewer than 40% of law firm lawyers report their firms use foundational technologies very well.

USE VERY WELL

37%
Online legal research solutions

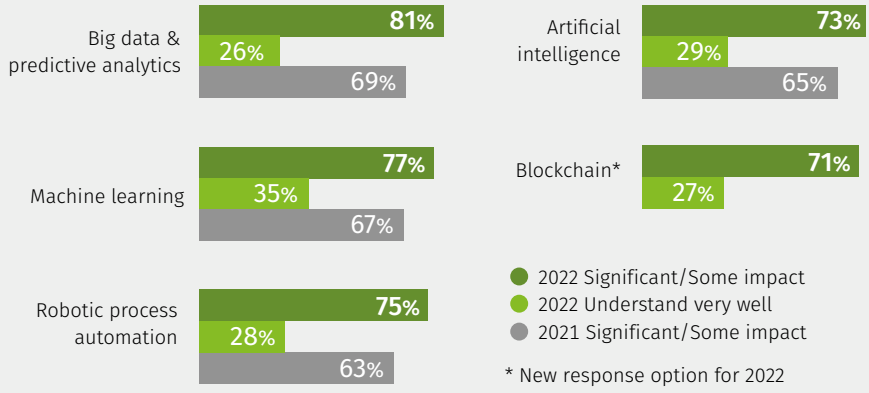
36%
Legal practice management

33%
Time and billing

Figure 34: A paradox: Impact of transformational technology climbs, while understanding lags

2022 Finding: *A growing number of law firms say these transformational technologies will have an impact on their firm over the next three years, yet 35% or fewer understand any of them very well.*

2022 Trend: *Impact is up in each area over 2021. Big Data & Predictive Analytics and Robotic Process Automation experienced the biggest gains (each up 12 points).*



Law firms that are Technology Leaders outperform others in all areas

The Future Ready Lawyer Survey found again this year that firms that are *Technology Leaders* outperform in every area firms that are *Transitioning* in their use of technology. Importantly, for the third year in a row, the *Survey* found that law firms that are *Technology Leaders* are more profitable than others: 63% of *Technology Leading* firms report their profitability increased over the past year compared to 46% of other firms (Figure 40, page 32).

Technology leading law firms outperform others	Tech Leaders - Very prepared	Transitioning- Very prepared
Using technology to improve client services (e.g., enabling greater collaboration, more strategic counsel, flexible service models, focus on user experience, etc.)	42%	29%
Recruiting and retaining the technology staff needed to effectively support our firm	41%	23%
Offering greater specialization	39%	23%
Developing skills to ensure staff is capable of leveraging technology	38%	29%
Making the needed strategic investments in technology	37%	28%
Understanding technology and how it can benefit our firm	36%	26%
Keeping pace with changing needs of clients	35%	26%
Understanding what technology solutions are available	35%	26%
Optimizing workflows and collaboration across the practice, with clients and external service providers in one digital workspace	33%	28%
Recruiting and retaining legal staff	31%	24%
Fully deploying technology to sustain a flexible and hybrid work environment for employees	30%	28%
Meeting client demand for ESG guidance	26%	12%

✔ At a Glance: The changing law firm

Top changes expected

- 88% expect Greater Specialization of Legal Services Offered by Firms
- 85% expect Greater Collaboration and Transparency Between Firms and Clients
- 82% expect Greater Use of Technology to Improve Productivity

Top three attributes legal talent wants but aren't always getting

- Work-Life Balance – Moderate Workload, only 34% say their firm is very good at offering
- Career Development/Faster Promotion Opportunities, only 34% say their department is very good at offering
- Recognition for My Work/A clear Sense of Purpose, only 34% say their firm is very good at offering

Reasons technology resisted

- 47% cite Lack of Technology Knowledge, Understanding or Skills
- 43% cite Organizational Issues
- 10% cite Financial Issues

Technology investment & use

- Law firms that are *Technology Leaders* outperform across the board and are more profitable than others: 63% of Technology Leading firms report their profitability increased over the past year compared to 46% of other firms.
- 63% of firms will increase their investment in software to support legal work over the next 12 months and 66% will increase overall technology investments over the next three years.
- Technologies most often ranked most important to firms are:
  - Document Management
  - Cybersecurity & Encryption Tools
  - Digital Court Proceedings
- More than 70% expect transformational technologies – such as Big Data and Predictive Analytics, Machine Learning, Robotic Process Automation, AI, Blockchain – to impact their department over the next three years. 35% or fewer understand any of these technologies very well.

ESG accelerates demand on legal departments and law firms

Legal professionals have also been challenged by the unprecedented growth in Environmental, Social and Governance legal concerns. In 2022, the *Future Ready Lawyer Survey* asked legal professionals about those demands, steps they are taking to address them and how prepared they are.

ESG in corporate legal departments

ESG has quickly emerged as a significant and specific demand on corporate legal departments, and it will continue to grow. According to the *Survey:*

- 56% of legal departments report that demands on them for ESG guidance have increased over the past year;
- 64% expect their company's demand for ESG guidance from the legal department will increase over the next three years; and
- Just 39% of lawyers say their department is very prepared to meet their company's ESG responsibilities (Figure 35).

The need for creating and sharing ESG policies and procedures also is increasing. For example:

- 84% of legal departments report increased requests over past year from their law firms for their company's ESG policies; and
- 67% of legal departments ask law firms to provide their sustainability credentials and ESG policies currently; and an additional 30% plan to do so within the next three years (Figure 36).

Figure 35: Company demand for ESG guidance escalates

56% of legal departments report that company demands for ESG guidance increased over the past year and 64% expect company demands for ESG guidance will increase more over the next three years. However, only 39% of lawyers believe their legal department is very prepared to meet their company's ESG responsibilities.

Figure 36: Sharing ESG policies & procedures

84% of legal departments report increased requests for their company's ESG policies from their law firms. 67% of legal departments also now ask their law firms to provide their ESG policies and sustainability credentials, with 30% more expecting to do so within the next three years.

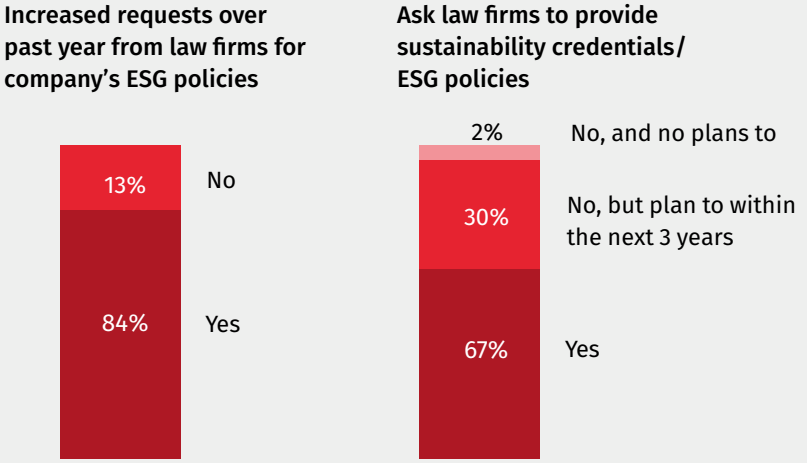
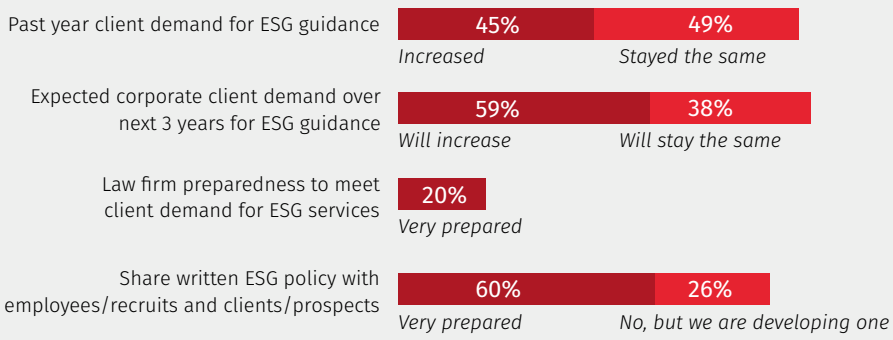


Figure 37: Law firm ESG practice area growth

77% of firms serving corporate clients now report having an ESG practice, with 51% of the practices created in the past three years. Within three years, 95% of firms serving corporate clients anticipate having an ESG practice.

Figure 38: Law firms are challenged to keep up with growing client demand for ESG guidance

45% of law firms report corporate client demand for ESG guidance has increased over the past year and 59% expect that it will increase over the next three years. Only 20% believe their firm is very prepared to meet client demands for ESG services.



ESG in law firms

Law firms are positioning themselves to respond to increasing demand for ESG expertise. Almost 80% today report that they have ESG expertise in place. Specifically,

- 27% of firms report having had an ESG practice for more than three years;
- 50% report having created an ESG practice within the past three years; and
- 18% are planning to create an ESG practice within the next three years (Figure 37).

Among firms with practices today, 78% have a practice leader, according to the *Future Ready Lawyer Survey.*

Law firms are experiencing significant growth in ESG demand from clients but demand is outstripping their preparedness to respond:

- 45% of firms report demand for ESG guidance from corporate clients has increased over the past year;
- 59% expect client demand for ESG guidance will increase over the next three years;
- Only 20% of firms believe they are very prepared to meet client demands for ESG services; and
- 60% have written ESG policies they share with employees/recruits and with clients/prospects; 26% more plan to have these policies and share them within the next three years (Figure 38).

Focus: Technology Leadership creates competitive advantages

In the fourth year of the *Future Ready Lawyer Survey,* it's clearly shown that year after year, technology continues to be a critical differentiator for higher performance in the legal sector.

The data also shows industry trends across Europe and the U.S. that: the Increasing Importance of Technology is escalating across law firms and corporate legal departments; technology is a critical factor to legal departments in firm selection and retention; and the greater use of technology is among the leading changes expected in both legal departments and law firms.

In 2022, the *Survey* again looked at how those organizations that most effectively leverage technology (*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*).

The data is clear: *Technology Leaders* thrive. Year after year, they outperform other organizations across several important metrics and demonstrate why investing in and applying the right technology matters.

In 2022, 54% of organizations identified themselves as *Technology Leaders,* 44% as *Transitioning.* The number of organizations identifying as *Technology Leaders* rose from previous years (40% in 2021 and 39% in 2020). This is not surprising given the continued investment in technology over the past several years and the urgent need for technology adoption through the pandemic. Business service firms are slightly more likely to identify as *Technology Leaders* (59%) compared to 55% of law firms and 53% of legal departments.

Technology Leaders have shown their superior resiliency, agility and performance through a pandemic and across a quickly changing legal landscape.

For example, *Technology Leaders* are significantly more likely to already have a strong technology infrastructure to fully support a digital workspace, as reported by 91% of *Technology Leaders*. They also are more likely to be increasing investments in software over the next 12 months, as well as increasing technology investments over the next three years (both reported by 68% of *Technology Leaders*) (Figure 39).

With a better grasp on technology, *Technology Leaders* are more likely to say technology is improving their day-to-day work. Overall, 95% of *Technology Leaders* say this compared to 87% of *Transitioning* organizations. *Technology Leaders* also are more likely expect an impact from transformational technologies, like AI

Figure 39: Technology Leaders already have stronger infrastructure and are increasing technology spending more than others

Overall, Technology Leading organizations are significantly more likely to already have a strong technology infrastructure; even so, they also are more likely to be increasing their short- and long-term investment in technologies to support their firms and departments.

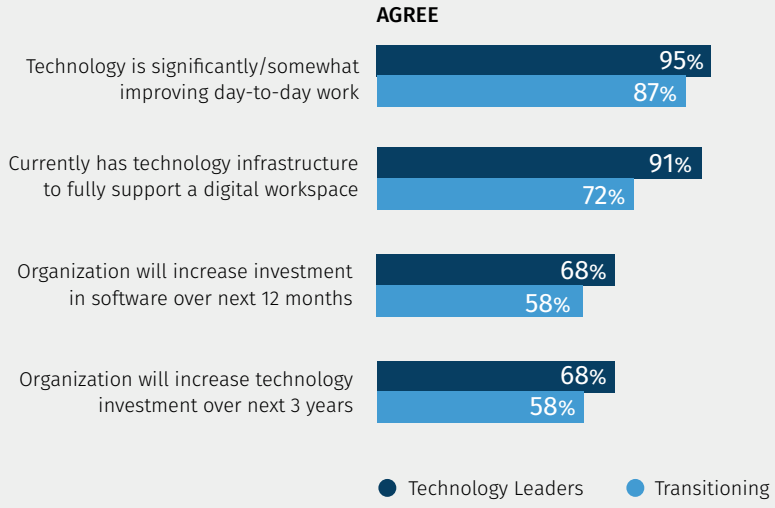
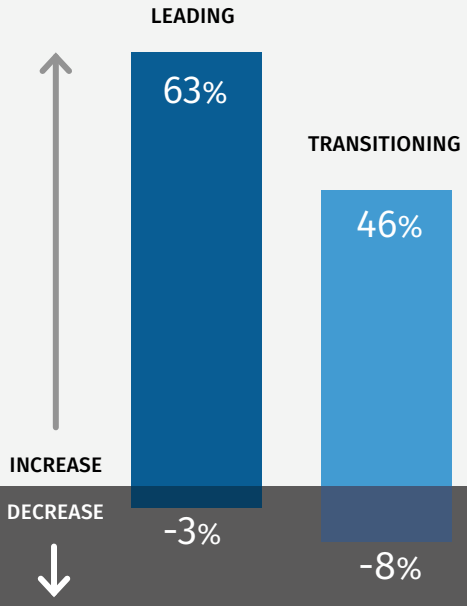


Figure 40: Tech-leading law firms are more profitable

Firms identifying as Technology Leaders are more profitable than those identifying as Transitioning.



and Big Data, within the next three years, and they are significantly more likely to understand these technologies, according to the *Future Ready Lawyer Survey* findings.

As noted, Tech-leading law firms are also more profitable than those firms that are transitioning in their technology use. In 2022, 63% of tech-leading law firms report increased profitability compared to 46% of *Transitioning* firms (Figure 40). This trend has been true each year of the survey – with technology-leading law firms showing higher profitability every year.

For specific data on *Technology Leading* legal departments and law firms, please refer to those sections in the *Report* (see pages 20 and 28, respectively).

Insights from luminaries: Leading change

Industry luminaries from Europe and the U.S. share their insights on trends, technology and legal sector transformation.

"While technology provides essential tools, data provides the insights to guide the most effective use of those tools. From legal research to litigation strategy, from compliance to pricing, data is the key that unlocks smarter decision-making."

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 do you see as the most significant long-term impacts the pandemic will have had on the legal profession?

The pandemic has forever changed the physiography of law, such that it is no longer rooted in brick-and-mortar offices or major metropolitan cities. That opens up new opportunities on multiple levels. For corporate clients in need of legal services, they can now choose from a broad and diverse menu of law firms and ALSPs. For law firms and other legal services providers, virtual operations make them more efficient and more competitive, both for clients and for talent. Even as the legal profession begins to return to the office, it will never again be tethered to the office.

With foundational technologies now largely in place, what technologies should legal professionals prioritize getting into place next to truly modernize their environments?

Even though the pandemic spurred the legal profession to speed its adoption of foundational technologies, more is required to be positioned for future success. Most critically, legal professionals must learn to fully embrace and employ data in all aspects of their practices. While technology provides essential tools, data provides the insights to guide the most effective use of those tools. From legal research to litigation strategy, from compliance to pricing, data is the key that unlocks smarter decision-making.

Have client-firm relations been strengthened or weakened as a result of the pandemic?

The pandemic has caused client-firm relations to strengthen for some firms, weaken for others. The differentiator is in how firms responded to the pandemic – and how they responded depended, in turn, on how prepared they were before the pandemic hit. Firms with strong pre-pandemic bases in technology were best situated to provide their clients with uninterrupted service once the pandemic arrived. And as the pandemic dragged on, those same firms were most likely to continue to innovate around client service. But for firms that were without solid foundations in technology, the pandemic left them struggling to effectively service their clients and rushing to play catch-up.

"We will probably see new businesses focus on solving legal issues with a combination of expertise such as lawyers, project managers, IT people and data analytics."

Helena Hallgarn

Helena Hallgarn is a legal tech pioneer in Scandinavia. She co-founded Virtual Intelligence VQ 2010, which delivers innovative IT tools for the legal sector, after working in law firms for 16 years. Helena is also Vice President and Ambassador of ELTA (European Legal Technology Association) in Sweden.

It's been noted that transformation in the legal profession is just beginning, with tech transformation required by the pandemic, but much more needed ahead. Where do you see change is most needed to truly modernize the legal industry, and when do you expect to see it?

So far, we have seen a great interest in legal tech and several new tech solutions wanting to change the way legal work is being managed by the lawyer. Focus has mainly been on the lawyer and how they handle the legal work. Now we will need a shift to the client and the business. How do we solve their business problems relating to legal issues?

We will probably see new businesses focus on solving legal issues with a combination of expertise such as lawyers, project managers, IT people and data analytics. A company might want to solve a business problem such as their management of agreements including production of sales agreements, their management of a new whistle-blower support or a Q&A solution for employment law related issues. Instead of trying to implement a tech solution, which we know in many cases in reality has failed or turn to a lawyer for solving part of the problem they could turn to a company taking care of it all; handling legal issues, implementing a suitable solution and delivering it all implemented for the business ready to use. This will probably take some years, but once the clients have this option and realise its potential, we will probably see a true disruption of the delivery of legal services.

With foundational technologies now largely in place, what technologies should legal professionals prioritize getting into place next to truly modernize their environments?

Last year's positive hype around legal tech has resulted in law firms investing in all kinds of legal tech tools. Many law firms now have access to document management systems, different kinds of workflow systems, document assembly systems and all the functionality from basic programs such as Excel. Instead of just implementing new technologies, they should use the ones they have better. Considering having access to all these technology tools and platforms, there is a great possibility to truly modernize the business.

To proceed with this modernization of the business, focus ought to be on standardization. Without standardization you cannot proceed successfully with workflow and automation. Therefore, the next step in the transformation of the business ought to be a look at the business to find out what can be standardized.

What tasks and matters are suitable for standardization? These tasks and matters thereafter need to be thoroughly analysed and defined. This must be done together with people who have great experience doing these tasks and matters to define relevant

alternatives, options, texts etc. Here it is also important to find ways to improve the management of these tasks and matters. It must be stressed that the critical part here is to really define this in collaboration with the right people that truly have the right experience. Otherwise, you might get lost focusing on how lawyers "should" be handling these kinds of tasks and matters. Naturally the lawyers and the business must be open to change here but many legal tech projects have failed due to a theoretical view on how things "ought to be done" without really understanding the realities of why things are managed in a specific way.

Law firms working with standardization can get better use of their technology. Once tasks and matters are standardized and supported by tech, the time spent for managing these tasks are much more predictable. That makes it possible to also change the pricing model for that kind of work to a fixed price model. That will truly modernize their business.

Have client demands changed as a result of the pandemic? If so, how?

During the pandemic we all got used to web meetings, using solutions such as Zoom, Microsoft Teams or Google Meet. That truly changed our view of meetings making it natural to organize meetings online instead of meetings in person. In that way the world becomes more accessible. You become less dependent on your geographical area. Instead of looking for legal advisers in your local community, you could easily widen your perspective and find many more alternatives. It doesn't matter anymore if your advisors are accessible nearby. Instead, focus could be on knowledge and price, and it was possible to find a priceworthy, competent alternative outside the big cities. This way clients more easily can shop around for advisors to find those that suit them the best. The better a matter can be defined and described, the more easily a client can compare prices between different advisors. Traditional big city firms must adapt to this. They might either want to make matters more complex, i.e., difficult to compare, or open for a wider variety of services with different prices, for example, by a more flexible resourcing with consultants available from other locations.

Patricia Manca Diaz

Patricia Manca Diaz is a lawyer partner at PwC Spain, responsible for New Law, Tax & Legal Services. With more than 26 years of professional experience, Patricia has been working since 2014 on the transformation of legal functions helping clients to design and implement their digital journey. She has been named as one of the Top 10 European Innovative Lawyers by Financial Times.

It's been noted that transformation in the legal profession is just beginning, with tech transformation required by the pandemic but much more needed ahead. Where do you see change is most needed to truly modernize the legal industry, and when do you expect to see it?

As the question clearly reveals, I believe that the pandemic has indeed forced this transformation in a certain way, but due to a simple need to manage work in a context

"The transformation requires first believing in the advantages that technology brings to the legal world, and this means accepting the change in the way of working, in the management of our teams, in the selection of the people who must compose them as well as in how we lend differential service to our client, whether internal or external."

such as the one we have experienced, not so much due to a professional concern of the industry, which has been and in part is still somewhat not fully aligned with it. It is precisely this cultural transformation that is required so that we can speak of a true modernization of the legal world. The cultural barriers of the sector are still important, starting because the current educational systems in the legal world are not entirely helping to generate these changes in the new generations of lawyers who are going to have to face a radically different world. The transformation requires first believing in the advantages that technology brings to the legal world, and this means accepting the change in the way of working, in the management of our teams, in the selection of the people who must compose them as well as in how we lend differential service to our client, whether internal or external.

When will this change take place? I do not dare to venture any time frame, but I believe that, just like the pandemic, it has forced changes that we did not think were even possible three years ago in the way we work, in the appearance of new agents in the legal ecosystem, in the reality of the client, of its business models. It will be the macroeconomic system itself that will force changes in the medium term that I hope will be relevant to the profession.

Have we seen true tech transformation in the legal industry, or there is a risk we've just paved the cowpath? If so, is too late to make the "best in process" changes that may be needed?

I do not think that we are still witnessing a true transformation of the legal industry. We are seeing how we adopt techniques or tools that allow us to better manage our work, but this is not transformation, not even from a tech point of view. We can talk about tech transformation when we see innovation, multidisciplinary teams (tech/lawyers), new service models, advanced digital training for lawyers, one hundred percent collaborative models and platforms, etc.... It is never too late; I think the proliferation of ALSPs is an example of innovation and new formulas of business models and delivery methodology that the client is already demanding.

Where do you think AI will have the greatest value/impact for lawyers going forward?

I see it clearly in the capabilities that AI offers us to establish patterns and therefore help us as lawyers to foresee situations, be able to establish strategies, make decisions with a future perspective that are not so reactive but proactive – both in areas of law where AI is already used in a controversial manner, such as litigation to establish a procedural strategy, and in other areas, such as regulation, where AI provides us with the ability to study trends prior to its legislative implementation.

As lawyers, we manage risks, so technology such as AI that allows us to anticipate relevant regulatory changes is of great value because it makes visible our ability to anticipate the management of this potential regulatory risk that affects our client's business model. We move in a regulatory world that is increasingly complex not only in terms of volume but also in terms of diversity of interconnected matters, where the lawyer's ability to analyze is put to the test if we consider the incremental needs for specialization and knowledge that this requires. In this sense, I see AI as an ally and an excellent opportunity for the industry to facilitate our task of analysis and advice to our clients. In our role as professionals, it opens up infinite possibilities for specialization as lawyers in relation to the challenges and risks that the use of AI can generate in ethical and regulatory terms.

What are the implications of the increasing importance of ESG to the legal function?

Sustainability is increasingly present in the strategic planning of the company. The complexity from increasing regulatory and market pressure make it a necessary preventive rather than a reactive legal function to help find the balance between protecting the reputation of the brand, the stability of the value chain, and the search of greater efficiency. But this factor extends to the value chain, so ensuring that the commitment to sustainability extends to suppliers implies for the legal function to ensure compliance with corporate policies as well as the ability to generate evidence of such compliance. But if we talk about the goals of climate neutrality for the year 2050 and the associated regulation in different countries, as well as the commitments of funders or large clients imposes on new companies' obligations – both material and reporting – that directly impacts the legal area.

On the other hand, digitization and automation in different areas of companies pose an obvious risk to the maintenance of quality jobs and the training and "upskilling" of professionals. The commitment to workers left behind are one of the keys to the commitment of companies to employees and society. These commitments with society and with employees generate new models of employment relationship and a new generational ecosystem that we are already observing where internal legal departments also have an important role to play in internal regulation and new corporate policies.

Jean O'Grady

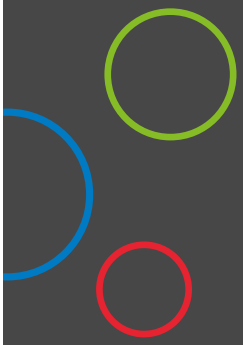
Jean P. O'Grady is a thought leader in the legal tech community and the author of the DeweyBStrategic.com blog. She is a member of the New York State Bar with over 30 years of experience developing strategic information initiatives for Am Law 100 law firms. She also served as an adjunct faculty member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

What do you see as the most significant long-term impacts the pandemic will have had on the legal profession? Please consider law firms, corporate legal departments, business services firms/alternative legal service providers.

It has driven tech adoption. And yet it has highlighted the need for ongoing technology training and for the development of interfaces and workflows that match attorneys to the right tool during a workflow process. There are simply too many specialized tools in law firms. Discovery and adoption of specialized tools remains a challenge.

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

Both vendors and law firms are facing a tech and support talent crisis. I sense that both product development and customer support are suffering because everyone is competing for tech talent. Data science – a growing need is especially competitive.



"[The pandemic] has highlighted the need for ongoing technology training and for the development of interfaces and workflows that match attorneys to the right tool during a workflow process."

It's been noted that transformation in the legal profession is just beginning, with tech transformation required by the pandemic, but much more needed ahead. Where do you see change is most needed to truly modernize the legal industry, and when do you expect to see it?

I am not sure the partnership structure is the best organizational structure for driving change since it is so tied to a mobile lateral talent pool of rainmakers.

What is the greatest lesson learned from the pandemic for the legal profession – and how will it be applied going forward?

People don't need to be in the office to be productive. Zoom meetings proved to be a really good glue to hold together remote teams.

With foundational technologies now largely in place, what technologies should legal professionals prioritize getting into place next to truly modernize their environments?

APIs for integrating internal and external data to streamline workflow and drive new insights. Lawyers need workflow environments that passively link them to the right resource for that piece of the workflow.

In response to the pandemic, many legal organizations became fast adopters of essential technologies. What do they need to do to ensure they continue this momentum, and realize added value from new technologies?

Tech training needs to be mandatory for associates. Many firms are reluctant to mandate training in core practice tools. This means less efficiency in service delivery and lower ROI for technology investments.

Where do you think AI will have the greatest value/impact for lawyers going forward?

I am harping on Training SO I would like to see an AI tool that delivers the right resource. For example, "Siri, I need to benchmark M&A clauses." Siri opens the right tool – Wolters Kluwer's M&A Deals.

The pandemic gave many legal professionals more control over their time and work – and they like it. Yet, many employers want people back in the office full-time. How do you see this tug-of-war playing out in the legal industry?

This is a tough one. I think it is necessary to have some time in the office. One way to get the most out of it is to have one day a week that is mandatory for the whole office, department or practice group – that way people are more likely to get "face time" and develop one-one relationships.

Martin O'Malley

Martin O'Malley is CEO of Wolters Kluwer Legal & Regulatory, a global leading provider of legal and compliance solutions. Martin is an established industry leader with 25 years of experience leading global organizations serving professionals.

What is the greatest lesson learned from the pandemic for the legal profession – and how will it be applied going forward?

The past two and one-half years have been a proving ground for the fact that lawyers and legal organizations can work and collaborate very successfully without face-to-face contact, both with colleagues and with clients. As a result, hybrid and remote work are here to stay in the legal profession. All you need is reliable remote access to the required tools and content supported by cloud solutions, combined with trust, accountability and flexibility.

Another lesson would be the realization of the value that technology can deliver to professionals – and there's no turning back here, as well. The pandemic led everyone to a higher level of digital maturity and the impact is twofold. While adopting routine digital solutions, lawyers also increased their awareness regarding more advanced technologies – such as AI – that to some may have looked too complex in the past. Now, those advanced technologies are more trusted and accessible. Next, with enlarged digital horizons, lawyers also changed their paradigm for tech adoption, moving from an alignment between "legal task + technology" to an ROI-based approach of "productivity/efficiency gained + time/money saved."

Have we seen true tech transformation in the legal industry, or is there a risk we've just paved the cowpath? If so, is it too late to make the "best in process" changes that may be needed?

The early stages of the pandemic obviously drove tech adoption based on necessity in the legal profession and at first included rather generic solutions. Following that, lawyers focused on strengthening the basics: document, contracts and workflow management, collaboration tools, business rules and digital processes are trending priorities for both law firms and legal departments. We saw dedicated legal cloud solutions such as Legal Practice Management (LPM) in law firms and Corporate Legal Management (CLM) also reaching smaller firms and corporations. This approach will certainly help organizations rely on a more robust digital bedrock before adding other digital layers.

Today, the 'new normal' is clearly driving a more consistent progressivity in tech adoption. The next steps we see are tools that support the intellectual legal work: document review, intelligent alerting of legal changes, case preparation. Additionally, market trends of increased complexity of compliance, demanding workloads and the need for increased productivity will only strengthen in the coming years and will further drive professionals to embrace new legal technology.

"With growing legal and regulatory complexity for organizations, AI use cases become more and more obvious to legal professionals. As we are past the 'robot lawyer' fantasy and fear, lawyers progressively understand how AI can provide valuable assistance in complex operations, while learning and identifying patterns along the way. "

Where do you think Artificial Intelligence will have the greatest value/impact for lawyers going forward?

With growing legal and regulatory complexity for organizations, AI use cases become more and more obvious to legal professionals. As we are past the 'robot lawyer' fantasy and fear, lawyers progressively understand how AI can provide valuable assistance in complex operations, while learning and identifying patterns along the way.

AI will create the greatest value when it is fully embedded in tools and processes. In other words, when users don't even realize they're using AI technologies. It will have the biggest impact when it is used to understand legal documents: document review, contract analytics, preparation of legal cases, and improvement of legal research. At the same time, it will also pave the way for a new generation of legal alerting that will report legal changes as and when relevant to individual legal professionals and the cases they are working on.

Marcus M. Schmitt

Marcus M. Schmitt is a lawyer in Germany and General Manager of the European Company Lawyers Association (ECLA) in Brussels, Belgium representing more than 70,000 in-house counsels across Europe. He has more than 15 years of experience in the legal industry and focuses on digital transformation, innovation in corporate legal departments and the professional status of in-house counsel in Europe. He also serves as Ambassador in the European Legal Technology Association (ELTA).

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

The legal industry at large might currently see its widest transformation yet, and it is affecting all three major segments significantly: The judiciary will need to begin or continue innovating, to grant reliable and efficient access to justice for individuals in the future.

Corporate legal departments are experiencing a great bouquet of legal challenges, which force them to continue building up capacities – may it be human or digital. With continuing developments around Environment, Social and Governance (ESG), the accelerated regulation of data-centric business models, tougher compliance requirements and especially supply-chain due diligence, corporate legal departments are poised to grow even further. The number of lawyers in European legal departments already grew by 165% in the last 16 years. With budget constraints, corporate legal departments will need to level this demand for growth by utilizing technological solutions for high frequency/low complexity and hence commodity work.

In the worst case, business-oriented law firms might find themselves stuck in the middle between this technological innovation of legal departments and their need to insource expert capabilities for the fields mentioned above. To prevent this from happening, law firms will need to get away from offering commodity work for their customers and focus on expert advice backed by innovative solutions, which their customers increasingly demand.

All stakeholders in the legal market are currently facing another mega-trend, which will probably act as a catalyst for digitalization even more than the late COVID-19 pandemic did: With the Great Resignation and the imminent wave of retirements by the peak baby boomers, it is nowadays already tough to find proper talent and it will certainly get tougher in the next 5 years as the number of registered lawyers is already plateauing if not decreasing in many countries.

What are the implications of the increasing importance of ESG?

When Environment, Social and Governance (ESG) had its landfall in the last three to five years in the legal market, it fortunately came across already moderately digitalized corporate legal departments and sometimes even law firms. In a less digitalized set-up, this comprehensive and complex trend of ESG could have broken the system. Nowadays, digitalization and ESG go hand in hand – 78% and therefore the vast majority of general counsel in Europe agree that properly digitalized legal departments will be at the forefront of managing ESG projects, a recent 2022 study by the European Company Lawyers Association (ECLA) and Wolters Kluwer highlighted (Legal Departments on the Move, February 2022).

Not only does ESG further drive the need for the legal market to digitalize but it also acts as a welcoming boost to the perception of in-house counsel. For a long time, in-house colleagues have been referred to as the doubters within the company. This perception changed significantly in recent years. With the blink of an eye, the former doubter became a thought leader, as the good conscience was suddenly at the forefront of the corporate strategy everywhere in the western hemisphere.

In response to the pandemic, many legal organizations became fast adopters of essential technologies. What do they need to do to ensure they continue this momentum, and realize added value from new technologies?

The response to the unforeseen pandemic was certainly a driver for the adoption of technology in the legal market, especially with e-signature, e-voting and e-collaboration securing the daily business operations. However, this drive for digitalization has accelerated even further due to new foreseen and unforeseen challenges. We continue to see a significant and intrusive regulation of business activities by national and supranational law makers as well as the legal stakeholders to jump from one global crisis to another, like the war in Ukraine, which had numerous sanctions to be tackled by lawyers as one result.

Two aspects are of essence now: Players in the legal market should not delay ongoing and planned digitalization projects for too long with the argument of being overwhelmed by actual legal work. Second and maybe most importantly, let us talk not only about success stories but especially failures. By talking openly and self-confidently in the market about what has not worked out, through a Return-On-Experience (ROX) process, we will all have five times more adoptable take-aways than by just trying to copy someone else's success. This will add value to digitalization projects and legal operations at large.

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"What is fundamentally missing most of all is a new way of thinking about how legal work is produced. This is due to a lack of a 'burning platform,' i.e., a demand to change.... It is now 2022 – we are well beyond the point for a need to change."

Richard Tromans

Richard Tromans is founder of the Artificial Lawyer news site, founding consultant of TromansConsulting, and founder and chair of the Changing Legal Think Tank.

It's been noted that transformation in the legal profession is just beginning, with tech transformation required by the pandemic, but much more needed ahead. Where do you see change is most needed to truly modernize the legal industry, and when do you expect to see it?

The reality is that, even now, the use of technology is still at best a 'support' to ways of working that lawyers have been maintaining for decades. In the vast majority of all law firms, most strategically important legal tech remains on the periphery and even where firms do have a licence for it, that software is used 'when they feel they have to use it,' rather than it being standard procedure.

Plus, by 'legal tech' it is meant the use of software that literally 'changes the means of production' of legal products and services. Some nicer billing software, or some slightly improved legal research capabilities doesn't really cut it. It doesn't change the means of production.

Moreover, it's vital that firms – and clients – do not see tech in isolation. No more than a company that makes cars should see welding machines in isolation from the processes, raw materials, and skilled people, needed to make the 'production line' effective and efficient, and deliver a quality product at a price that makes sense to the buyer and seller.

In short, law firms still see most strategically important legal tech tools as 'go faster stripes' that they add to their firms, yet don't really change how the vehicle actually works. This is not because the tech (e.g., NLP-driven doc review and legal data analysis, high quality doc automation, and deal management tools) doesn't work – it does work. It's because many don't feel incentivised to use it.

What is fundamentally missing most of all is a new way of thinking about how legal work is produced. This is due to a lack of a 'burning platform,' i.e., a demand to change, and this is largely due to the fact that the clients – even now – allow many external providers to do things as they did in the late 1980s or early 1990s. It is now 2022 – we are well beyond the point for a need to change.

What is most poignant is that rather like solar power, or wind power, instead of using oil and coal, new means of production are available. They're just not being used.

Real change comes from rethinking the entire legal ecosystem involved in the means of production, not just sticking wind turbines on top of a coal power station – to use the environmental analogy again.

Jeroen Zweers

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

It's been noted that transformation in the legal profession is just beginning, with tech transformation required by the pandemic, but much more needed ahead. Where do you see change is most needed to truly modernize the legal industry, and when do you expect to see it?

There is a misunderstanding on transformation and innovation concerning the pandemic. Yes, there is more openness to tech in the legal industry because of the pandemic. And yes, law firms invested a lot in technology during pandemic times. But those investments were purely focused on what I call office tech. Transformational/innovation legal tech is still not widespread. And it is understandable because some law firms still do not feel the pressure to change in Covid times; there is even more turnover.

What do you see as the most significant long-term impacts the pandemic will have had on the legal profession?

The most significant impact I saw was legal departments taking the lead in the legal transformation/innovation race over law firms. The reason is, as mentioned earlier, is because many law firms still don't feel the pressure to change as their turnover is still rising.

It is very different in the corporate legal market. Traditionally, corporate legal departments were more reactive, like a fire department. If there was a "legal" fire, they solved the problem. Under the pressure from and in partnership with process-focused CFOs, they invested heavily in legal tech to be more proactive. Also, on the side of risk, the low-risk cases are more outsourced to ALSP's or to smart legal tech, and the in-house lawyer is more focused on high-risk cases.

Where do you think AI will have the greatest value/impact for lawyers going forward?

I think AI use is still at the beginning for the legal industry. Still, we can expect solutions that can help law firms reuse their internal knowledge in the near future. AI can determine where to find valuable legal knowledge because it can read and understand the legal language. I call this the Second Brain movement. It also will solve another problem. Because of the war on talent, lawyers will not stay that long anymore working for the same law firms, so their knowledge will disappear from the organization. With this technology, content created by these lawyers will still be found.

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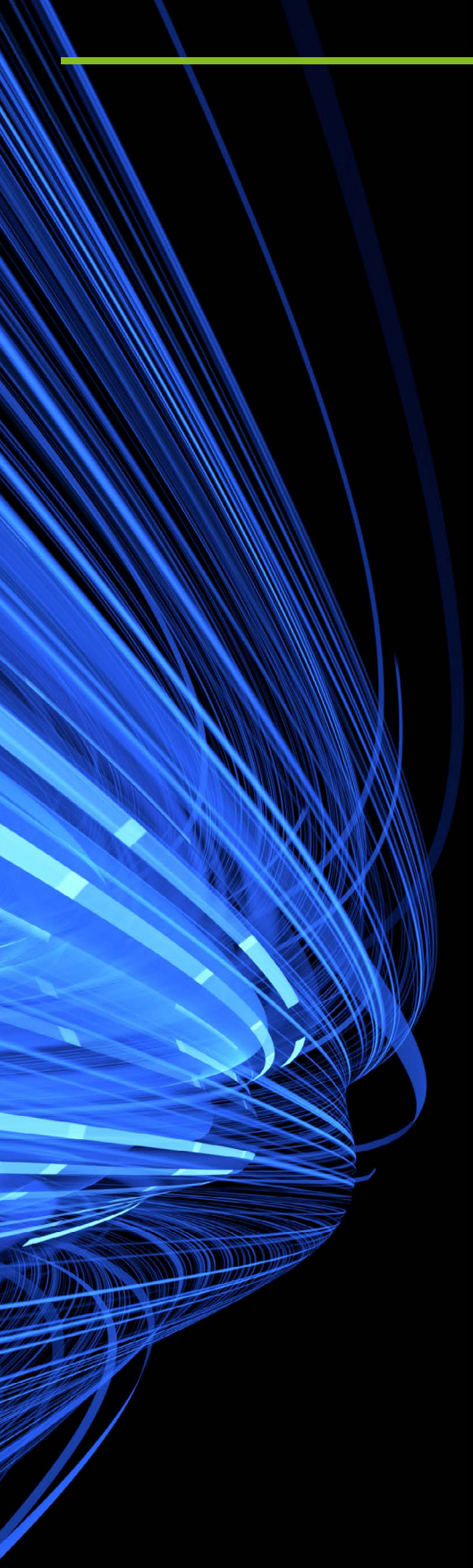

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About the *2022 Wolters Kluwer Future Ready Lawyer Survey*

The *2022 Future Ready Lawyer Survey: Leading Change* from Wolters Kluwer Legal & Regulatory included quantitative interviews with 751 lawyers in law firms, legal departments and business services firms across the U.S. and 10 European countries – the United Kingdom, Germany, The Netherlands, Italy, France, Spain, Poland, Belgium, Sweden 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 May 16 to June 3, 2022.

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