

Law Firms That Fail to Digitalize Lose Business



Summary: Forbes states that with the changing legal industry, law firms that fail to update their technology risk losing business.

This year, the Center for the Study of the Legal Profession at Georgetown University Law Center and Thomson Reuters Legal Executive Institute released findings that potential clients are now less likely to turn to law firms for legal services. These clients would rather use in-house departments or legal service providers, and Forbes contributor Mark A. Cohen believes it is because some law firms have failed to embrace modern technology.

"Law firms have ceded billions of dollars of 'legal' work to providers—and that includes corporate legal departments—that are digitizing. A legion of legal surveys including Georgetown and CitiBank reveal that demand for law firm services has flattened (and recently declined) while overall legal demand has increased steadily. The delta is widening. Why? Most law firms have failed to embrace—much less implement—digitization," Cohen stated.

Cohen added that law firms are "tone deaf" to client complaints about inefficiency and cost and that they are hurt by their old model of delivery services. He said that law firms are losing out to legal service providers like Axiom, a firm that now has corporate giant Johnson & Johnson as a client.

"Not only is the volume of migrated work from firms increasing, but it is also becoming increasingly complex. Consider, for example, the five- year managed contract services deal that pharmaceutical giant Johnson and Johnson recently inked with service provider Axiom to support its global procurement contracting function. Axiom will help J&J to standardize its vast trove of procurement agreements across a dozen contract types and 10 languages. Axiom is not a law firm--it is a legal service provider. This huge, global project underscores the oft-time false distinction between the two," Cohen said.

Cohen warned law firms that if they do not digitalize soon then accounting firms, global consultancies, and other companies may enter the legal marketplace to provide "more efficient, cost-effective, accessible, routinized, and metric-based legal services."

In addition to technology causing the loss of business to law firms, Cohen said that technology has enabled the spread of legal material to the masses, allowing them free or moderately-priced legal information.

For instance, universities such as Harvard Law have enacted projects to give access to legal information to the public. Harvard Law has vowed to digitalize its legal library, which contains over 40 million pages, and the school said it will allow its library to be free to the public for ten years.

On the retail side, Cohen said that companies such as LegalZoom allow clients with small projects such as non-disclosure agreements or simple wills to now get legal advice online for a more affordable rate than if they had gone to a law firm.

"Law firms are doing little to re-engineer their delivery methods," Cohen said. "There are many reasons for this but it generally comes down to their economic model and structure--and short-sightedness propelled by greed. This is frustrating clients, and they are embracing other options."

Soure: Forbes

Do you think law firms are failing to digitize? Let us know in the comments below.