

# Six Benefits of Becoming a Data-Driven Law Firm

It is widely accepted that Data Analytics can help law firms become more profitable and efficient. In fact, a recent survey conducted by ALM Intelligence and Lexis Nexis found that 93 percent of respondents feel Data Analytics would add value to their practice.

However, fewer than half of those respondents reported that their firms are incorporating Data Analytics into the business and practice of law. Why? Where is the disconnect? The overwhelming survey response to this question pointed to the “lack of understanding surrounding the potential benefits” Data Analytics can offer a law firm. Naturally, this article will aim to examine a few of the most common ways Data Analytics can benefit law firms.

## Driving Profitability

To drive profitability, the most important thing a law firm can do is identify opportunities to expand relationships. Incorporating Data Analytics into your internal financial reporting process can allow you to easily analyze data you already have about your clients and flag opportunities for expanding current client relationships.

For example, automated trend analysis can reveal clients who are about to sell divisions or significant groupings of assets, issue securities, or raise capital in other ways. Or, it can be as simple as automatically creating an alert any time an account shows no communication for more than a predetermined number of days.

Data Analytics can automate the review of these and other critical KPIs that will create opportunities to expand work for existing clients. Making this review part of your

monthly process—rather than doing it “once in a while”—is a game changer.

## Enhancing Strategic Focus

Harnessing client data to support strategic decision making is critical and can provide insights about areas of expertise, industry specialization, and resource deployment. This leads to enhancing strategic focus and enterprise level decisionmaking across all aspects of the business, like geographic focus, business expansion, and talent acquisition. This clarity of purpose will enable the firm to quickly chart direction, pivot with environmental changes and align goals within the organization.

## Improving Effectiveness of Marketing Efforts

Within a law practice, there are many functions that are outside the practice of law. Marketing is one of them. Successful businesses use data to understand and more effectively target their customer base, expand communications into industries of expertise, and monitor the effectiveness of marketing campaign results. Law firms that use Data Analytics will build a better understanding of their firm’s needs and identify areas for which continued spending makes sense.

Clients want more than just a lawyer. Law firms demonstrate expertise and differentiate themselves when they use Data Analytics. Building a reputation for being able to efficiently accumulate and analyze data has never been more important. Efforts toward innovating with Data Analytics can be cited when presenting during webinars and seminars, posting on their blogs, and when writing industry publications and articles.

## Optimizing Pricing and Generating Efficiency

Data Analytics can help determine the profitability of a case type. Law firms want to make money, right? Depending on the case, the amount of time and work that goes into the case should turn a profit. Law firms can link time and billing systems to analyze and determine pricing and appropriate staffing models.

Processes and procedures can be streamlined with Data Analytics. Sifting through case emails and files can take hours and sometimes days, but with analytics, the process can be significantly accelerated to save time and money. Data Analytics allows firms to mine for existing data efficiently. Instead of wrestling with disorganized piles of information for days on end, now you're spending your time extracting insights.

## Analyzing Historical Case Information for Trends

Trends begin to materialize and are easier to spot when analytics are used. This includes predicting how juries, judges, and venues will act based on past cases. This information is particularly important to have before a case begins so that the attorneys on the case can plan how to most effectively deliver their argument.

## And of Course... Establishing Proof

Intellectual property cases cannot be properly executed without data. The data can reveal matching images or text, *e.g.*, lyrics or musical selections, to show very clearly that intellectual property has been stolen. Without the data, legal teams must rely largely on the jury's perception.

When looking at the performance and growth of firms, you can see the impact of marketplace pressures. It is clear that the market is restless and seems to be searching for a different value proposition. This requires a different business model. Healthy firms are responding by distilling the mighty amounts of data at their fingertips into learning that serves clients. These firms are putting pressure on the others who choose to do nothing.

This article has only scratched the surface with just a few examples of how law firms can benefit from becoming truly data-driven. The opportunities that present themselves when deploying Data Analytics initiatives are endless. ■

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