Report Finds Corporations Will Decrease Use of Outside Legal Counsel in 2017

Corporate legal departments will decrease spend on outside counsel and take more work in-house in 2017, reveals a new report released by **Liquid Litigation Management, Inc.** (LLM), a legal workflow unification platform provider. "**The State of the Legal Industry**" report explores the motivations for technology adoption among U.S. law firms and corporations. It also examines the business benefits firms and their clients expect from technology adoption, as well as the lingering challenges they face.

While the corporations and law firms surveyed said their number one goal of incorporating technology is to boost efficiency, the way they use this new technology can prove counterproductive. The survey found that 64 percent of law firms rely on more than four distinct legal software systems to aid in developing strategy, tracking case management, and collecting, processing and reviewing data. This outsized number of systems, which can lead to inefficiencies and increased cost, is one example of why corporations think law firms are not as efficient as they should be. As a result, corporations are taking more work in-house and spending less on outside help.

"The law firms and GC offices participating in the survey show some interesting similarities and differences," said Cas Campaigne, Chief Executive Officer and President of LLM. "Both are heavily focused on cost-cutting and efficiency gains, but their priorities differ. If law firms and corporations can work together to figure out how to consolidate their technology and reduce some of these inefficiencies caused by the complexity of systems they use, firms will be better

equipped to meet the demands of their customers and corporations will save money."

Some of the reports other key findings include the following:

• Corporations and law firms want greater budgeting predictability
• Corporations are using Alternative Fee Arrangements (AFAs) to reduce legal costs
• Nearly half of firms only use email to track communication around budget and strategy for historical purposes

"Doing 'more with less' is a mantra of many modern law departments. They are starting to demand similar discipline from their external providers," said Casey Flaherty, former in-house counsel and founder of Procertas. "Talking about efficiency in the abstract isn't enough. Corporations want measurable efficiencies and tractable savings without compromising quality. Many law firms struggle to meet these mandates. Buying technology is different from using technology is different from using technology well. Interoperability and integration are among the primary challenges we have in making our tools really work for us."

The report provides other insights of particular interest to the legal community, such as:

• The most significant changes firms and GC offices anticipate in the coming months
• Their biggest obstacles
• How frequently firms communicate with their clients
• The ways in which corporations and firms want to use tech to improve operating efficiencies
• The degree to which legal departments and law firms leverage historical data and why
• The impact of AFAs on technology purchases
• The relative ability for firms and clients to keep pace with change

Download the report.

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