

Here's Why Data-Driven Attorneys are Leading the Way with Legal Technology

The practice of law and business sense do not always go hand-in-hand. While law school offers countless courses on the theory and practice of law, most fall short when it comes to teaching future attorneys how to actually run a successful law firm.

But those lawyers who do understand the dynamics of business also understand that generating revenue and profit takes planning and strategizing. You need to access and review data about the current health of your practice in order to point it in the right direction for future growth.

Successful law firms know the value of data and they know that legal technology is key to accessing the data they need to move their practices forward. Lawyers who don't understand this concept are being left behind without the benefits that tech advancements can provide. If you are one of these lawyers, keep reading to learn how to transform your practice into a data-driven law firm.

What is a Data-Driven Law Firm?

Data analysis has long been an essential aspect of business development. While most industries embraced this concept decades ago, it is still a relatively new concept among legal practitioners. Even as lawyers generate and store enormous amounts of data, they fail to see how this valuable information can translate into growth and greater profitability for their law firms.

Data-driven law firms have discovered the link between effective data analysis and the successful practice of law. They understand how data can be leveraged to measure performance, identify problems, and plan for future growth.

The Value of Internal Data

With internal data, firms can identify costly inefficiencies within their law firm procedures, such as an inadequate number of billable tasks. With the right data, law firm leaders can determine the reason for the shortage and address it in a timely manner. Internal data is also useful for the following tasks:

- Finding opportunities to save money
- Forecasting
- Identifying areas of waste
- Improving firm procedures

The Value of External Data

External data is also valuable for law firms. It assists with the analysis of client behaviors, which helps lawyers identify promising marketing trends and creating effective business strategies. For example, a review of website analytics lets you know how many potential clients are visiting your website each day, along with which pages they are viewing most often, and how long they stay on the site. Armed with this information, firm leaders can customize the firm's website to better reach marketing goals.

Why Data-Driven Equals Profitability

Data-driven law firms are able to generate more revenue because they have figured out how to financially benefit from the data they collect and analyze.

They know how to review the data and make thoughtful decisions related to various aspects of their practice, including:

Growth Opportunities

If you plan to grow your firm, you must make an actual plan for that growth. This requires a business sense that many lawyers lack. Data-driven firms analyze internal performance reports to gauge the health of the firm and make plans for future growth.

Data allows you to forecast, which is the prediction of future patterns. It allows you to estimate the likelihood of new matters coming into the office, including which practice areas will grow, and which ones will decline. With this information, you can make strategic decisions to leverage positive trends and protect the firm from potential lulls down the road.

Fee Setting

If your law firm is considering the switch to alternative fee arrangements, data analysis is key to making a successful transition. Even though an increasing number of clients have begun expecting fixed fee options, many lawyers have hesitated to move in that direction out of fear that they will set their fees too low, resulting in inadequate compensation. But the right data can help attorneys set reasonable fees that ensure adequate compensation.

For example, previous case data provides such case details as to how many hours the matter took, what individual tasks were completed, and the amount of net revenue the case brought into the firm. Armed with this data, you can confidently set fixed fees that encompass all required aspects of the case.

Resource Utilization

With data analysis, you can analyze how your firm is using its resources. Is your staff wasting valuable time on inefficient processes and procedures? As a firm leader, you can use gathered data to determine whether your practice is utilizing its resources in the most profitable manner.

Making Your Law Firm Data-Driven

Technology is key to making your law firm more data-driven. You need the right resources for the collection of data, as well as analysis of data collected. To collect internal data, your firm should secure technology that collects information such as:

- Utilization Rates that provide measurements for how many daily hours are spent completing billable tasks
- Realization rates which divide the number of hours billed by the number of billable hours worked
- Collection rates that compare the amount of actual revenue collected to the number of hours actually billed

Once your law firm collects this valuable data, you need the capabilities to analyze it. Here's where the right technology can make a world of difference. For example, TimeSolv legal time tracking and billing software provide your law firm with quick and easy access to more than 30 useful reports regarding:

- Accounts Receivable
- Time Tracking
- Budgeting
- Individual Timekeepers
- Project Management
- Invoicing and Payment

External data collection requires a bit more outside research, but you can find it with a little effort. Various business databases provide consumer trends and forecasting information. For access to specific legal data, think about working with one of the legal big-data tech companies to gain access to relevant data.

Don't let your law firm get left out of the data revolution. Secure technology and implement systems that help your law firm utilize data for the generation of greater revenue. To learn more about all the ways TImeSolv can lead you down the data-driven path, [click here](#) for a free, no-obligation trial.

About Erika Winston:

Erika Winston is a freelance writer with a passion for law. Through her business, Personal Touch Edits, she helps legal professionals deliver effective written messages. Erika is a regular contributor to [TimeSolv](#) and a variety of other publications.