

IBERIAN FIRMS UPPING SPEND ON DATA ANALYTICS TO HELP BOOST PROFITS

Posted on 26/04/2017



Category: [Archive](#)



Most lawyers in Spain and Portugal believe that greater use of data analytics will improve cost management and client retention, though survey indicates the subject is the cause of tension within firms

Law firms in Spain and Portugal are upping their investment in data analytics as partners become increasingly aware of how the more effective use of data makes firms more profitable and better able to manage costs, while also improving client retention.

New research conducted by Iberian Lawyer indicates that half of all law firms in Iberia will be investing more money in data analytics in the next 12 months. A total of 49 per cent of lawyers who responded to our survey said their firm would be increasing its spending in this area in the coming year.

Among the key reasons for law firms increasing expenditure is the belief that improving how data is used will improve profitability and cost management. A total of 80 per cent of respondents said that their law firm could become more profitable by making greater use of data analytics. Meanwhile, 82 per cent said the increased use of data analytics would mean their firm could manage costs better.

Keeping your clients

Most lawyers also believe that client retention will become easier if their firm improves its use of data. A total of 70 per cent of respondents to the survey said that greater use of data analytics could improve client retention at their firm.

More than half (53 per cent) of respondents said their firm had increased its use of data analytics in the last year, the survey showed. Meanwhile, a bigger proportion, two-thirds (66 per cent) of respondents said their firm would be making greater use of data analytics in the coming year.

Six out of ten lawyers (62 per cent) who participated in the study said that their firm currently made use of data analytics. The most common uses were for: law department management, including making decisions on staffing, project management and the use of resources (60 per cent of respondents); rate and fee negotiation (56 per cent); and information governance, defined as managing information that the firm can use as an asset (56 per cent).

Predicting case outcomes

However, only a minority of lawyers (33 per cent) said their firms used data analytics for e-discovery, defined as reviewing information in an electronic format in legal proceedings, with a similarly small proportion (31 per cent) saying data analytics was used by their firm to manage litigation – for example, to make decisions on the strategy and staffing of cases, or to predict the outcome of litigation.

While it seems most lawyers believe in the power of data analytics, not all are totally convinced of its benefits. Around a third (34 per cent) of survey participants said their firm did not use data analytics. It is perhaps indicative of internal tensions within law firms in relation to this issue that, of the respondents that said their firm did not use data analytics, the overwhelming majority (72 per cent) thought their firm would be profitable if it did make better use of data.



biggest barriers to its greater use at their firm. Other barriers cited by respondents included: the cost (44 per cent); data analytics not being seen as offering any benefit to the firm (17 per cent); difficulties convincing law firm management of the benefit of data analytics (17 per cent).

Despite such barriers, the consensus among lawyers in Spain and Portugal seems to be that data analytics offer huge benefits to law firms. The survey showed that a total of 85 per cent of lawyers in Iberia believe that greater use of data analytics would improve efficiency at their firm.

A total of 89 lawyers at leading law firms in Spain and Portugal participated in our study, which was

How law firms use data analytics

A total of 62 per cent of lawyers who participated in our survey said their law firm currently used analytics. The respondents indicated that it was used for the following purposes:

59%

Law department management (for example, to make decisions on staffing, project management and use of resources)

56%

Rate/fee negotiation

56%

Information governance (for example, to manage information that the organisation can use as an asset)

33%

E-discovery (defined as reviewing information in an electronic format in legal proceedings)

31%

Managing litigation (for example, analytics are used to make decisions on the strategy and staffing for a case, or to predict the outcome of litigation)

93 %

Proportion of lawyers in Spain and Portugal who think the use of data analytics will become more important in the running of law firms in future

In the dark

A lack of awareness and knowledge of data analytics among lawyers is one of the key reasons why it is underused in law firms, the survey suggests. A total of 60 per cent of respondents agreed that a "lack of understanding of data analytics" was among the

conducted via an online survey carried out in March 2017.

52%

Proportion of lawyers in Spain and Portugal who believe there is a growing expectation among clients that their external legal service providers make greater use of analytics to improve efficiency