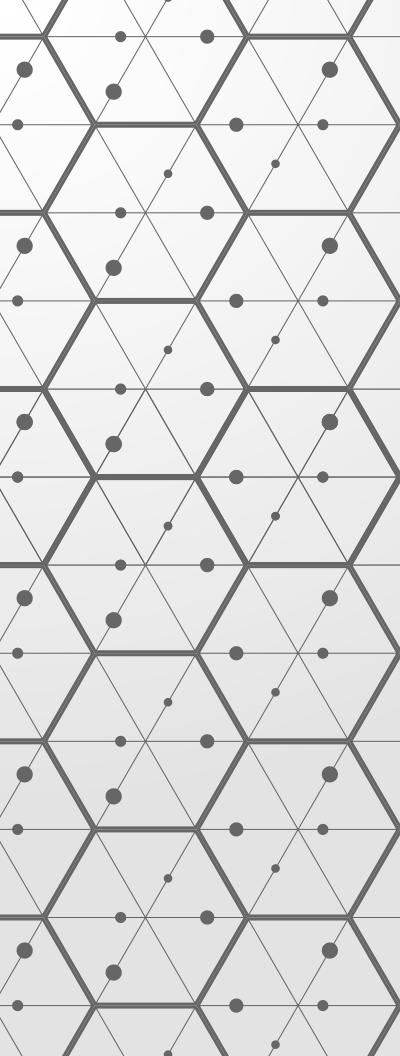




Thomson Reuters Institute

Digital Strategy Report

How law firms are tying digital transformation efforts
to overall firm strategy



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Over the past decade, and particularly since the onset of the global pandemic, law firms have made a conscious effort to innovate their digital operations. This has resulted in technology budgets and purchases increasing, and the need for new skills has resulting in increased hiring and training. Now, law firms' technology and innovation are moving into client outreach and even some work product.

And yet, even with the overall increased emphasis placed on innovation, law firms' approaches toward digital transformation vary wildly. Some firms have made innovation a core tenet of their strategy by implementing firm- or practice-wide strategies, while others have taken a more tactical approach in tackling individual modernization efforts. While some firms have been reactive in fixing needs as they arise, others have aimed to plan out their digital transformation needs months, or even years, ahead of time.

And as some firms have already put digital transformation strategies into place, many are in the early stages of their planning or implementation journey, if they even desire a strategy at all.

There is a difference between engaging in technology adoption and implementation, and crafting a strategy for overall digital operations. As law firms progress from the former to the latter, there remains a wide spectrum in how they are developing, executing, and iterating on these strategies, as well as in imperatives from firm leadership to do so. Digital strategy remains a developing concept within law firms of all sizes, as most are still determining exactly what the next wave of digital information will mean to their future.

Executive summary

To determine the level to which law firms have married digital transformation and operations to strategy, the Thomson Reuters Institute has conducted research measuring the maturity of digital strategies, whether firms are more proactive or reactive in their thinking, and the practical steps they have taken to plan and execute these strategies.

The research has shown that firms are roughly split between those firms that have established digital strategies at the C-suite level and those which have not or have not yet developed such strategies, with many of those latter firms looking to develop them within the next couple of years.

Many firm leaders interviewed rate their approach to digital strategy as better than average. In a digital strategy sophistication score developed by the Thomson Reuters Institute, on a scale between 0 and 20, most firms rated themselves at a 13 or higher. The highest distribution of scores occurred between 15 and 18, though notably, only four of the 115 respondents achieved a perfect 20 out of 20 score — indicating that most firms recognize there are still improvements to be made on their digital journey.

Most firm leaders also said they are proactive rather than reactive in their approach to transform their practices, and similarly report taking a strategic approach to these initiatives through a firm-wide or practice-wide plan rather than a more tactical approach of individual fixes as they arise.

Still, the way firms have carried out those plans vary widely. Some firms take their cues from a chief technology officer and the IT department; others have the chief operating officer and the operations team in charge of strategy; and still others have a managing partner or CEO as the ultimate digital strategy decision-maker. Goals for digital strategy are split between internal-facing initiatives such as increasing usage of implemented technologies, and external initiatives such as integrating technology to improve client service.

And while some firms have mandatory objectives linked to digital strategy — particularly for executive directors — the firms' attorneys and clients are often left without an ownership stake in these initiatives.

Key takeaways

Our research and interviews with law firm leaders across the globe revealed several key findings around how many law firms are approaching their digital strategy, particularly as many firms' plans are in their early stages.

Digital strategy as a concept in its early stages — Law firms have been implementing technology for ages, but an overarching executive-level strategy around digital transformation seems to be a relatively recent phenomenon. Respondents were split roughly in half between those that had an established strategy at the C-suite level and those that did not yet have such a strategy. A large proportion of firms are somewhere in the middle of the timeline, either actively developing their strategy or having launched a strategy within the past two years.

Those respondents who said their firm did not have a C-suite-level digital strategy fell by-and-large into two camps: those at the beginning of developing a strategy, and those that preferred a case-by-case or ad hoc approach. There is reason to believe that the proportion of firms with a strategy will soon be increasing, however: Nearly half of firms without a strategy said they were actively developing one, with many expecting it to be completed within the next 12 months.

Most firms feel positive about their digital strategy — Although few firms had an established digital transformation strategy at the C-suite-level for more than three years, most firms believe they're overall on the right track. Almost half of respondents rated their firm above average or market-leading in their use of technology with respect to their peers. And among those with a defined C-suite-level digital strategy, most rated their firm's digital strategy success at a 7 or above on a 10-point scale.

This high score may be partially a function of how respondents said they are inclined to talk about their digital strategy initiatives, with leaders of more advanced firms willing to speak openly and honestly compared to leaders from firms without formal digital transformation initiatives. However, this also brings into question how exactly firms are measuring their own success and comparing themselves to peers — particularly as the data shows that many firms lack formal feedback mechanisms on their digital strategy and focus most of their development and implementation efforts on internal stakeholders, eschewing external viewpoints and validation.

Executive directors & tech function owns strategy, but attorneys & clients left out — Overall, firms are doing well formalizing the strategy creation and implantation process, with a majority of firms with a strategy having a formal assessment of the firm's digital capabilities at the beginning of implementation, tying digital transformation strategy to overall firm strategy, and having executive directors' mandatory objectives linked to the digital transformation strategy.

The chief technology officer or an equivalent title is the owner of digital strategy in almost half of firms, with a managing partner/CEO or chief operating officer taking the leadership role in many others.

However, despite the fact that a number of respondents said client service was a direct goal of their digital strategy, many firms left clients out of their digital strategy creation and implementation entirely. Fewer than half of respondents with a digital strategy said they consulted current clients in the creation of the strategy, less than the number that consulted external consultants, for example. Even fewer respondents had a structured mechanism for soliciting feedback from clients on that digital strategy. And while most firms with a digital strategy consulted partners, associates, and other attorneys at the creation of a process, few attorneys maintain ownership in the success of the project through mandatory objectives.

Engagement a challenge, but also produces big wins — Far and away the biggest challenge for firms implementing a digital strategy has not been the technology piece, but rather securing internal buy-in and engagement. Despite most firms instituting formal change management and communication plans at the outset of a strategy implementation process and largely continuing them through roll-out, getting the rest of the firm to recognize the strategic imperative remains a challenge. “It is not sexy work,” said one respondent. “Getting people to understand that this is a necessity to survive has been hard.”

And yet, for those firms that can achieve engagement and buy-in, the reward can be massive. Respondents also cited engagement and buy-in as their biggest win after undertaking the digital strategy process, even more than increased efficiency or updated infrastructure. Those who highlighted engagement and buy-in also noted that the firm’s achievements in the digital strategy process can have long-lasting effects in other firm initiatives. “The biggest win is probably a mindset shift to the adoption of new ways of working,” said one respondent.

Methodology

The Thomson Reuters Institute held structured telephone interviews with law firm leaders about their digital strategy. There were 115 interviews conducted between February and April 2023. The interviews consisted of both quantitative and open-ended questions around digital strategy, and the same series of questions (and follow-ups where applicable) were asked of all respondents.

All interviews were conducted with those in leadership roles at their firms, at either the firm or practice area level. While those respondents had a variety of roles, the most common were Chief Operating Officer and Managing Partner. The researchers requested that respondents have insight and ownership into the firm's overall strategy, as well as direct knowledge of how digital transformation and other initiatives were being instituted at the firm. While some respondents had technology-centric roles, the researchers looked to avoid respondents who may be focused only on technology and not other strategic areas within the firm.

Respondents came from across the globe, including Australia & New Zealand, Canada, Latin America, Mainland Europe, the United Kingdom & Ireland, and the United States. Each geographic region had at least five interviews conducted. The U.S. provided the most respondents with 47 (or 41% of the total), followed by the U.K. & Ireland with 27, and Canada with 21.

Firms of all sizes were represented in this report, although responses skew towards large and midsize law firms. Firms with more than 1,000 attorneys comprised 36% of respondents; while firms between 501 and 1,000 attorneys were an additional 23% of respondents. Firms with fewer than 100 attorneys were 12% of respondents.

Digital strategy sophistication on the rise

In recent years, many law firms have transformed their overall strategy by necessity. As budgets for legal matters are tightening at many client organizations, law firms in turn have needed to find new ways to either perform work more efficiently or attract new clients with a wider array of service offerings.

A bevy of new technologies entering the legal space also has attracted the attention of both law firms and corporate legal departments, and as more than 70% of legal departments say using technology to simplify workflow and manual processes is a “high priority,”¹ it’s perhaps no surprise that law firms are becoming better at integrating their own digital operations in turn.

Figure 1: **Five key components of digital strategy sophistication**

83%

Rate digital transformation as **highly important or central** to firm strategy

49%

Consider their firm to be **above average or market-leading** in its use of technology

71%

Take a **strategic** approach, based on a firm- or practice-wide plan

82%

Are **proactive** in looking to digitize wherever it makes sense to do so

54%

Currently have a defined Digital Transformation **strategy at C-Suite level**

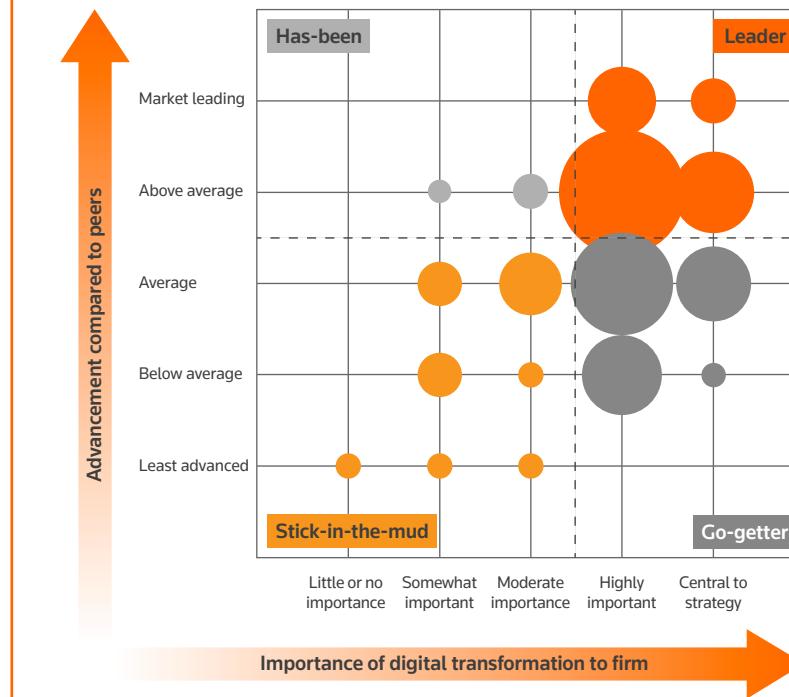
Source: Thomson Reuters 2023

The law firm leaders surveyed in this report by and large cite digital transformation as a core tenet of their firm’s operations, with 83% saying that digital transformation is a central or highly important part of the firm’s overall strategy. Only one of the 115 firm leaders interviewed said that digital transformation had little or no importance — and only eight said it was somewhat important.

With the digital component at the center of many firms’ overall firm strategy, it’s perhaps no surprise that many firms also view themselves as largely succeeding in terms of technology. About half (49%) of respondents said they considered their firm to be either *market-leading* or *above average* in terms of technology. Only 15% considered themselves *below average* or *least advanced*, with the rest considering themselves *average*.

¹ See the 2022 *Legal Department Operations Index*, available at: <https://legal.thomsonreuters.com/en/insights/reports/legal-department-operations-index-seventh-edition-2022>.

Figure 2: Categorizing your firm's approach to digital transformation



Source: Thomson Reuters 2023

Respondents were separately asked how they viewed their firm's digital advancement compared to peers, and the importance of digital transformation to the firm overall. Charting these numbers side-by-side allowed researchers to place firms into one of four quadrants: leaders, go-getters, has-beens, and sticks-in-the-mud. *Leaders*, as the name implies, are those that view their advancement compared to peers as above average or higher and rate digital transformation as highly important or central to overall firm strategy. These firms are the ones to be emulated; they also happen to be the largest quadrant of those surveyed, at 46% of the sample. About one-quarter (30 respondents) placed themselves in the above average advancement/highly important to strategy intersection, the most of any combination in the report.

Go-getters represent the second highest proportion of respondents at 37% of the sample. These firms have digital transformation as a central part of firm strategy, but digital maturity has not yet been achieved. The thought is that these firms are actively working to move up to the Leader quadrant. On the other hand, only 3% of firms categorized themselves as *Has-Beens* — those firms with a high level of digital maturity but with transformation not central to firm strategy. The higher proportion of *Go-getters* indicates that more firms are still growing their overall digital maturity than feeling complacent with the technology they have in place. The remaining 14% of the sample — categorized as *Sticks-in-the-mud* — were those with less digital advancement compared to their peers and transformation not as central to firm strategy.

Figure 3: **Categorizing your firm's approach to digital transformation**

Source: Thomson Reuters 2023

With so many firms focusing on digital transformation as a core piece of strategy, it follows that many also are looking to be proactive rather than reactive about digital transformation. More than 80% of respondents said they are proactive about digitizing work as compared to reacting when issues arise. Similarly, nearly three-quarters said they are taking an overall strategic approach to digital transformation with a firm-wide or practice-wide plan, rather than tactically targeting individual fixes.

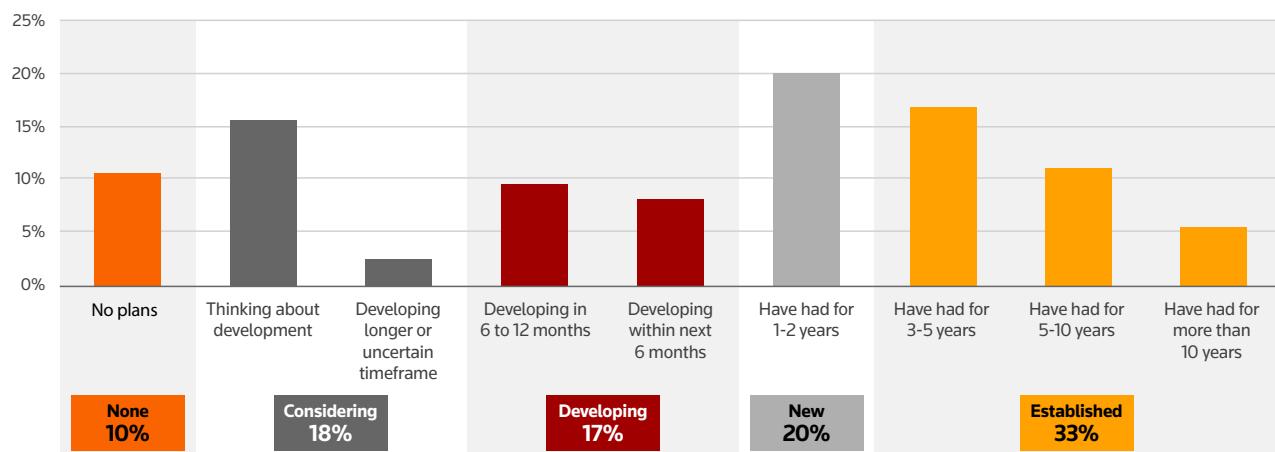
Overall, 63% of respondents said they are both proactively approaching digital transformation and doing so from a strategic standpoint. Just 10% of firms said they are primarily reactive in their approach to digital efforts and engage tactically with individual fixes compared to an overall plan.

This does not mean that a proactive or strategic approach is necessarily more successful than other approaches. There are some firms that have taken the wrong approach to strategy, or have proactively changed a technological process that did not need to be changed. Conversely, a tactical or reactive approach can provide a desperately needed fix in a given circumstance. However, for long-term sustainability and planning, most firms are generally aiming to fall into the strategic and proactive categories wherever possible.

A nascent but growing discipline

Because so many firms believe they are tackling digital efforts strategically and proactively, one may assume that this means firms have had time to develop a digital strategy over a long period of time. However, many firm digital strategy efforts are a relatively recent phenomenon. In fact, just one-third of firms (33%) have had a digital strategy for more than three years at the C-suite level, while nearly half of firms (47%) do not currently have a firmwide digital strategy in place at the C-suite level.

Figure 4: **Half have a digital transformation strategy at C-Suite level**



Source: Thomson Reuters 2023

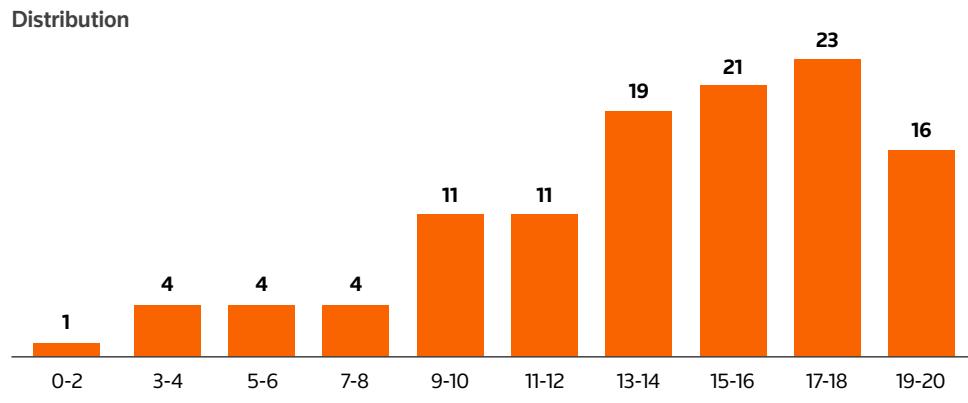
While these figures demonstrate the potential for digital strategy growth in the industry, they also provide a potential counterpoint to the 72% of firm leaders who said they consider their firms *strategic* in their digital transformation planning. Indeed, more firms believe they are strategic than actually have an established plan at the C-suite level. Similarly, as 82% of firms view themselves as proactively tackling digital transformation projects, it would follow that some are doing so without a formalized digital strategy.

Many firms are in the middle stage of the process, either developing an executive-level strategy within the next 12 months (18%) or having only had an executive-level strategy within the past two years (20%), essentially since the beginning of the global pandemic. This squares well with the number of firms that view digital transformation as highly important or central to firm strategy, but do not consider themselves market-leading in terms of advancement compared to peers.

Notably, although 18% of firms are still in the consideration phase of their digital strategy, very few have ruled it out entirely. With just 10% of respondents saying they have no plans for a digital strategy, that leaves 89% of firms surveyed that either have a digital strategy or have had conversations or plans to institute a digital strategy.

Overall, these figures mean that many firms have more sophisticated digital strategies than perhaps anticipated, given the relative newness of the idea in the legal sphere. Our researchers assigned values to each of the figures presented thus far, providing each firm a Digital Strategy Sophistication (DSS) score from 0-20 that benchmarks where each firm's overall digital strategy is compared to its peers.

Figure 5: **Digital strategy sophistication score**



Source: Thomson Reuters 2023

Firm respondents by and large view their digital strategy as sophisticated; 69% of respondents scored 13 or above in their DSS score. The highest concentration of scores also occurred near the top end of the scale, with 20% of total respondents scoring either a 17 or 18. However, regardless of maturity, most firms still believe there is some work to do: Only four firms of the 115 interviewed received a perfect 20/20 DSS score.

Further, the data reveals that initiatives are underway at many firms to become more mature in this area — and that also means the threshold for being a *market-leading or above average* law firm relative to peers will increase in coming years.

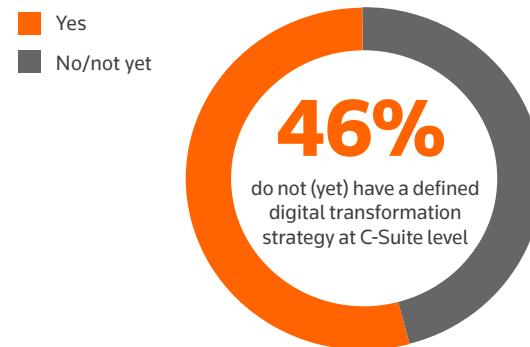
Firms with no strategy in place

The number of firms with a strategy in place at the C-suite level and those firms with no current strategy in place at the C-suite level are roughly split evenly, with the latter group comprising 46% of the total sample. Although many of those firms may be establishing a strategy as soon as by the end of this year, they currently share some similarities worth examining.

While firms with no executive strategy are not unsophisticated in their efforts toward digital transformation, their overall level of maturity does fall below the average — indeed, firms in this category had an average DSS score of 11 out of 20. This is perhaps best reflected in how well the leaders of these firms rate their overall digital advancement compared to peers, as just 32% consider their firm above average or better in terms of digital transformation, compared with 49% of the greater sample.

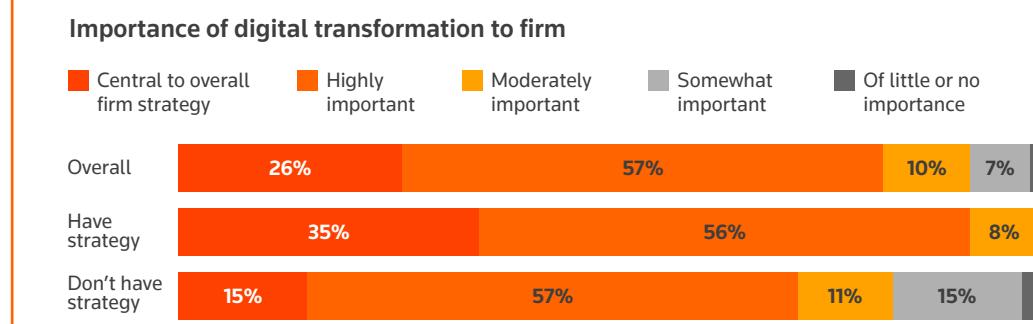
Interestingly, however, many of these firms without a C-suite-level digital strategy still say digital transformation is a part of their overall firm strategy, albeit at a lower rate than the larger sample. Just 15% of firms without an established C-suite-level digital strategy nonetheless said digital transformation is central to overall firm strategy, and a further 57% of these firms said digital transformation is highly important to firm strategy. This shows the necessity that many firm leaders place on digital initiatives, even those that do not directly correspond with broader firm strategy.

Figure 6: **Almost half do not have digital strategy at C-Suite level**



Source: Thomson Reuters 2023

Figure 7: **Comparing importance of digital transformation**



Source: Thomson Reuters 2023

Firms that do not currently have a digital strategy primarily fall into one of two camps. The first — unsurprisingly given its central nature to firm strategy — are those law firms still at the beginning of the process or in the planning and consideration phase. One survey respondent reflected the feeling of many of those at firms without a C-suite-level strategy by saying: “We understand the needs and benefits and [are] working our way through to finalizing the strategy.”

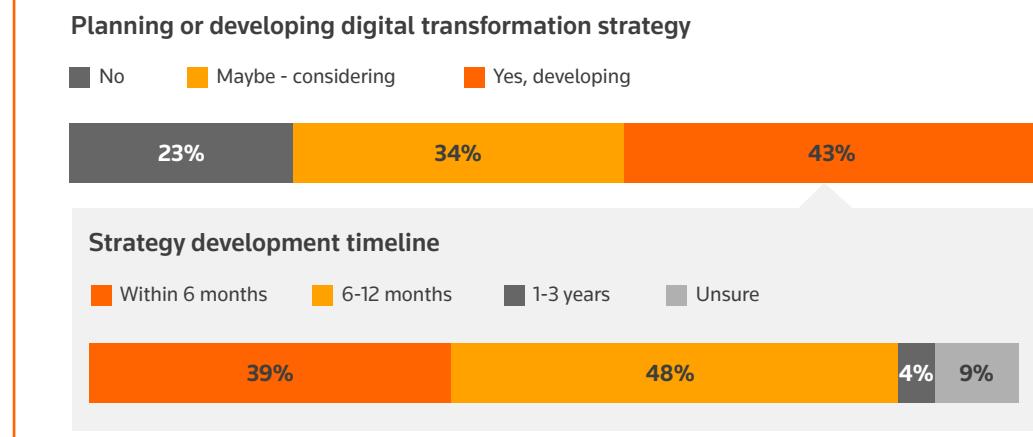
Another noted that their firm is currently gathering feedback and will be proceeding soon: “We have a committee that looks at it and decides what to do at this point in the beginning phase.”

The second camp is comprised of those firms that take a more case-by-case or ad hoc approach to digital transformation initiatives. This does not mean that those approaches are unsuccessful; indeed, many firms can have sophisticated technology applications and use-cases on an individual basis. It simply means that for some firms, tying those use-cases back to an overall strategy is not a priority. As one respondent put it: “We are taking an opportunistic approach. Wherever we see an opportunity to leverage digitization, we take it.”

In some cases, digital transformation initiatives are active but not centralized: “Quite ad hoc, driven by partners and opportunities,” reported another respondent.

The proportion of law firms that have a digital strategy could be changing drastically in coming years, as more than one-third of leaders at firms that do not currently have a strategy at the C-suite level said they expect to have one within the next 12 months. This would seem to be a direct result of the technological overhaul that is taking place at law firms of all sizes, and is increasingly desired by clients, making this type of strategy a necessity.

Figure 8: **Developing a strategy: timeline**

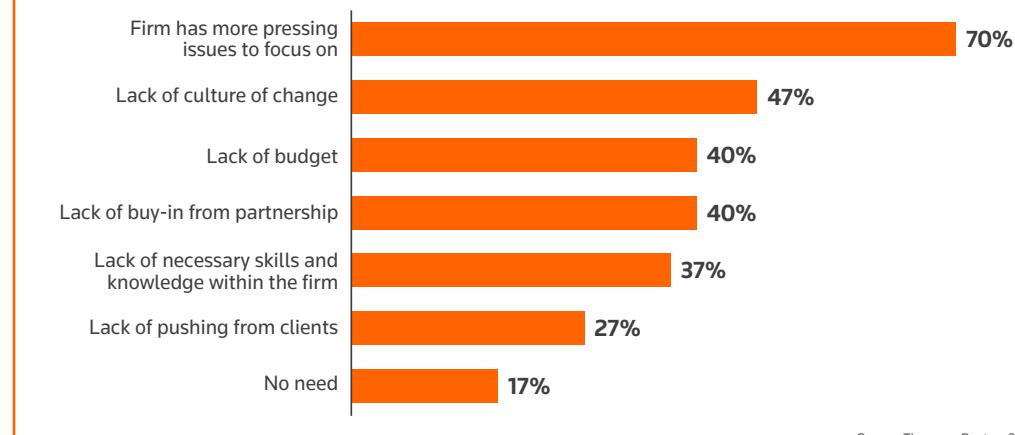


Source: Thomson Reuters 2023

Overall, more than three-quarters of firms without a digital strategy in place are either actively developing one or are considering developing one. Among the firms that are developing a digital strategy, 39% plan on completing the strategy within the next six months, while an additional 48% plan to have the strategy developed within the next 6 to 12 months. Just 9% of those that are currently developing their digital strategy said they have no timeline for the final product.

Among those currently developing their digital strategy, 57% have chief operating officers as the primary role responsible, while chief financial officers and chief strategy officers were the primary role 9% of the time and managing partners just 4% of the time. More than half (52%) of respondents also indicated that other roles — often technology-centric roles — are responsible for technology development, revealing that at some firms, more than one person claims ultimate ownership of digital strategy development. Without a clear leadership structure, however, this could lead to problems of accountability down the road.

Figure 9: **Developing a strategy: barriers**



Source: Thomson Reuters 2023

For those firms that either have no plans for an overarching digital strategy or are still considering whether or not to institute one, a number of barriers stand in their way. For example, 70% of respondents said their firms have more pressing issues upon which to focus — a perhaps understandable challenge at a time of high economic uncertainty in many countries.

However, there could be a steep risk for those firms which fail to keep up with their competitors in digital transformation. At least 40% of those respondents also mentioned the lack of a culture of change, the lack of a budget, or the lack of buy-in from partnership within their firms.

Strategy development & goals

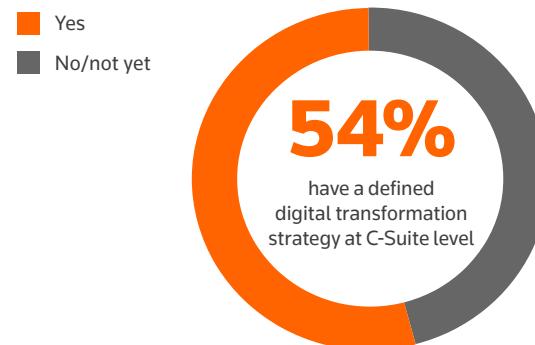
The respondents who said that their firms have a digital strategy at the C-suite level comprised 54% of the survey; and by and large, they had more developed digital initiatives as well. In total, those firms averaged a DSS score of 16 out of 20, indicating that they feel positively about their strategy compared to peer firms, but still believe there is some room for growth.

These firms with an executive-level digital strategy often see that strategy as an extension of firmwide plans, as 91% of those firms said digital transformation was central or highly important to overall firm strategy. In addition, 63% of these firms consider their firm's digital transformation efforts to be market-leading or above average; 82% said their digital approach was more proactive than reactive; and 87% rely on overarching strategic plans compared to tactical case-by-case fixes.

In speaking with these firms, the rise of remote work and technological advances that began in the last decade and were accelerated during the pandemic helped drive formal digital initiatives. As the leader of one firm that had implemented a strategy in the years just before the pandemic explained: "We have undergone a transformation where everything is digital, so it's easier to work remotely and to collaborate."

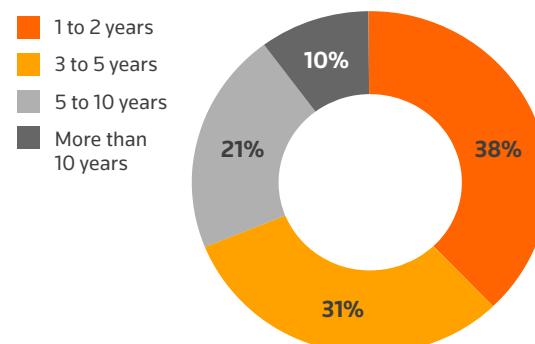
With these recent catalysts, it's perhaps unsurprising that many C-suite-level digital strategies have been adopted more recently. Among firms with an executive-level digital strategy, almost 70% have adopted the strategy within the past five years.

Figure 10: **Over half do have digital strategy at C-Suite level**



Source: Thomson Reuters 2023

Figure 11: **Almost 70% have had a strategy for less than 5 years**



Source: Thomson Reuters 2023

For some, adoption of a digital strategy was not a decision taken lightly. Indeed, given a competitive marketplace, some firm leaders view a C-suite-level digital strategy as a necessity. “It’s really to remain competitive,” said one respondent whose firm adopted a formal strategy within the past two years. “We have to, is the short answer.”

The value that firms gained from these strategies varies, but largely two primary themes emerged in our interviews. The first is the need for efficiency, cited by 51% of respondents who said digital transformation held value for their firm; and the second is the need for an increased level of client service, cited by 42% of those respondents.

Figure 12: **What is seen to be the value to the firm of digital transformation?**



Source: Thomson Reuters 2023

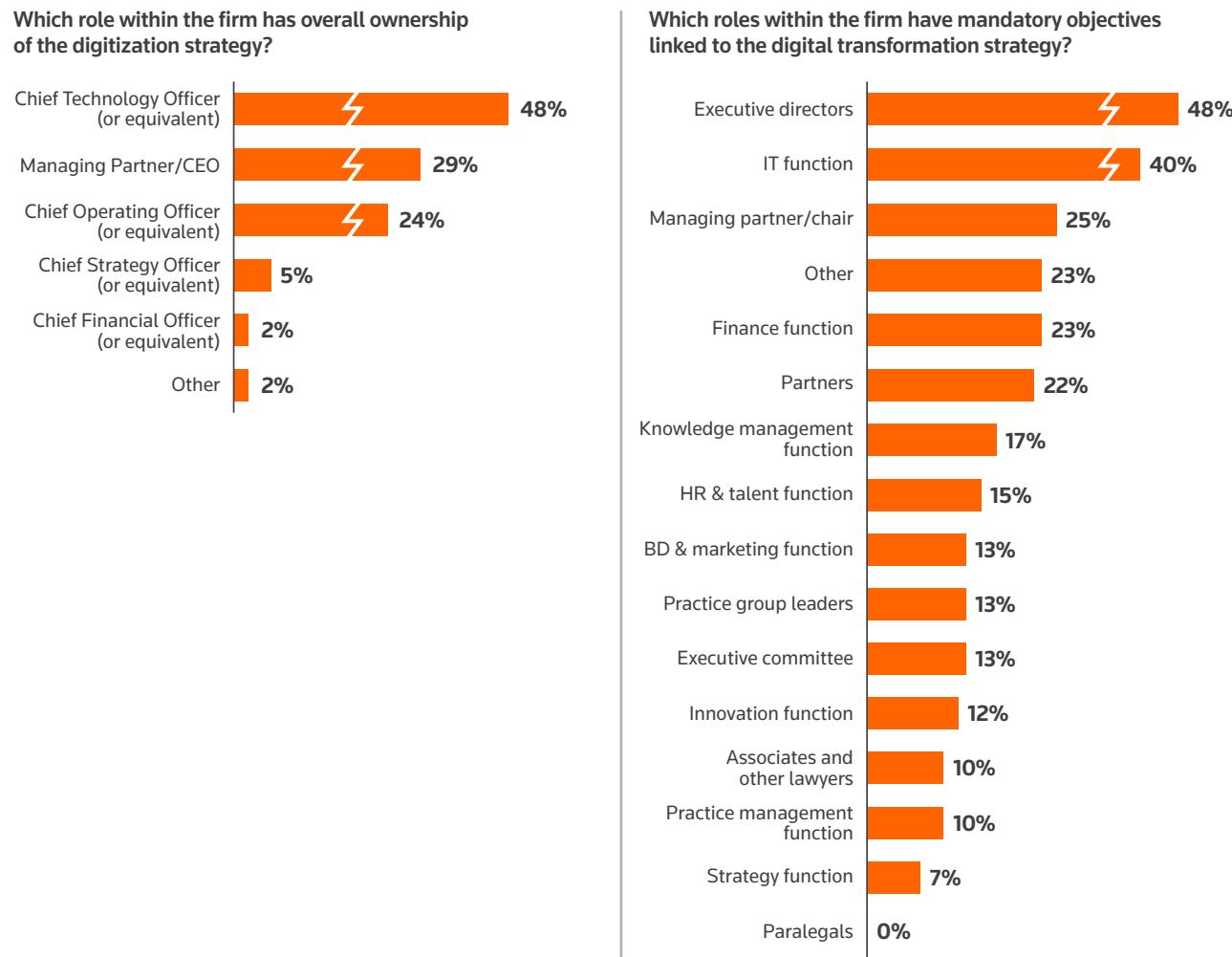
Of course, there is overlap between those two themes: 44% of those respondents who highlighted efficiency also highlighted related improvements for client service. “It’s really around being more efficient at what we do, whether that is internally among us at the firm or being more efficient for our clients,” said one respondent. “Overall, it is going to make us better at what we do.”

Applying the strategy

While law firms may appear largely consistent in their aims and goals for their digital strategy, it's within the application of that strategy that differences begin to emerge.

For example, ownership and development of the strategy varies significantly. Among those law firms with a C-suite-level digital strategy, 48% say the digital strategy is owned by a chief technology officer or an equivalent title; 29% says that a managing partner or CEO owns the strategy; and 24% said a chief operating officer owns the strategy.

Figure 13: **Executive directors and CTOs own, have more objectives linked to strategy than attorneys**

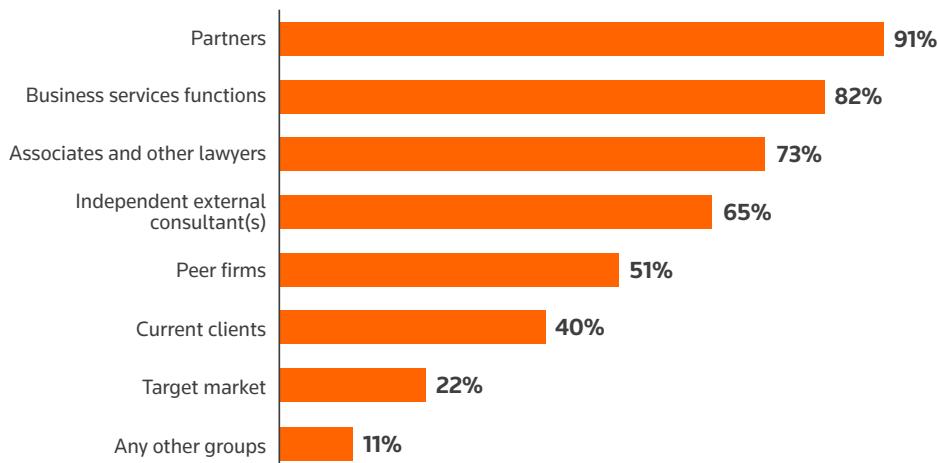


Source: Thomson Reuters 2023

When it comes to which roles within the firm have mandatory objectives linked to the digital strategy, firms cast a wider net — but ultimately, they still focus on executive roles more than the firm's attorneys. More than half (58%) of respondents said executive directors at the firm have mandatory objectives linked to digital strategy, and 40% said the same of IT departments. However, just 25% of respondents said managing partners or chairs had mandatory objectives related to their firms' digital strategy; and the figures were even lower for other partners (22%) and associates and other lawyers (10%).

That figure is perhaps most surprising because a large majority of law firms have gotten attorneys involved at the outside of planning. More than three-quarters (76%) of respondents with a C-suite-level strategy said development of the strategy began with a formal assessment of the firm's digital state, and that assessment surveyed a wide array of personnel.

Figure 14: **Partners, business services most often consulted when developing digital strategy**



Source: Thomson Reuters 2023

Partners were consulted to develop the strategy in 91% of firms, according to respondents; while associates and other lawyers were consulted in 73% of firms. Business services functions were also consulted more than 80% of the time.

Notable, however, is the groups that were consulted less than half the time when developing a digital plan. Despite almost half of firms saying an end-goal of their digital strategy is client service, current clients were consulted *just 40% of the time* when developing the strategy. That ranks even below independent external consultants, who were consulted about two-thirds of the time.

Implementation of digital strategies at firms include both a technological component and a people-facing, *soft skills* component, respondents said. More than two-thirds (69%) said their digital strategy launch included a change-management program, while nearly three-quarters (74%) said it included a structured-communication program.

At the launch of the strategy, at least 70% of firms communicated the strategy through each of the following methods: firm-wide email (73%); intranet (73%); communications at a practice, office, or department level (73%); and partner conference (70%). Each of those communication methods were used more than half of the time to provide internal progress updates as well.

In terms of soliciting feedback on their digital strategy, however, firms still have work to do.

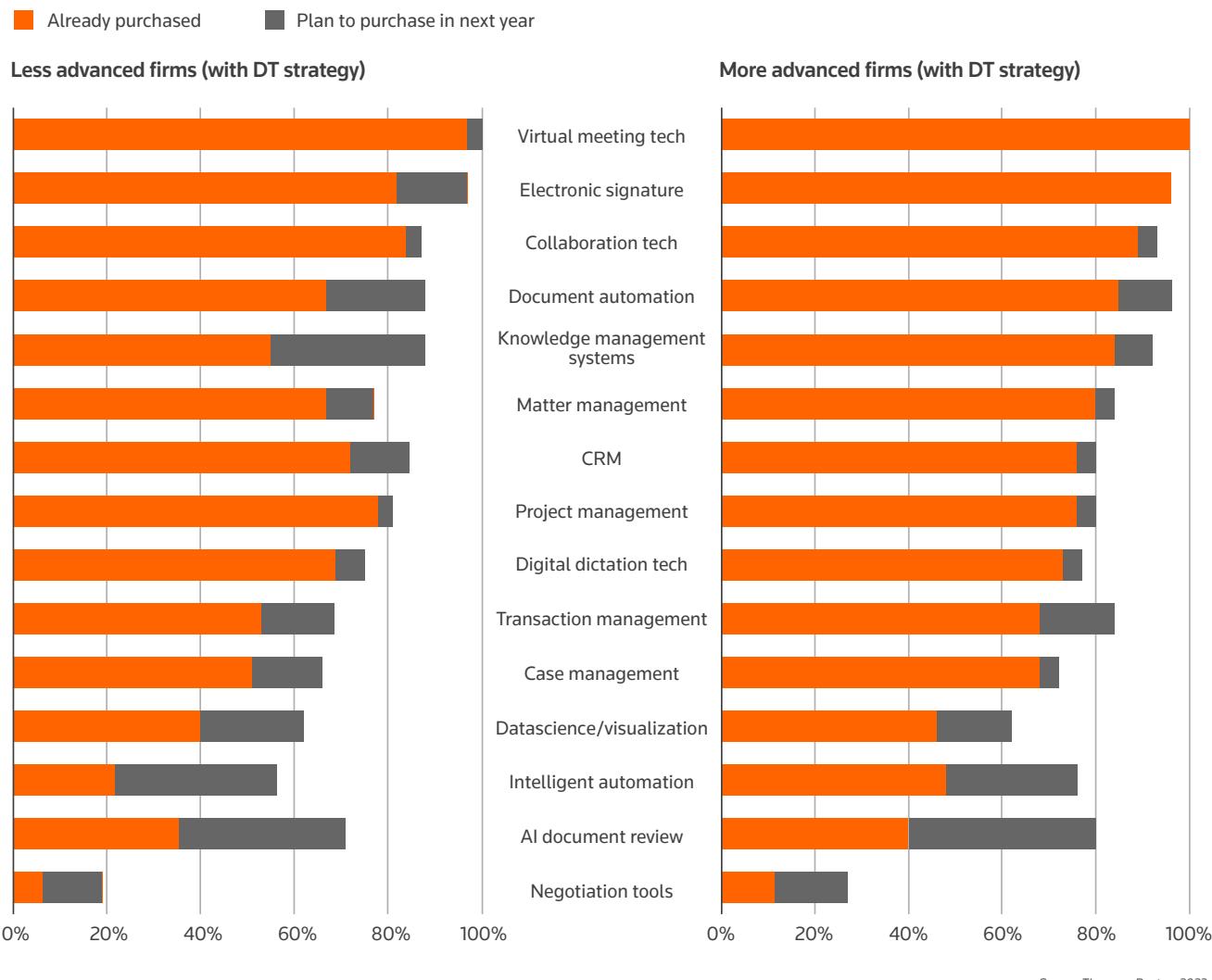
Figure 15: **Structured feedback on digital strategy lacking in some firms**



Only about half of firms (56%) reported having a structured mechanism to gain feedback from their people on the firm's progress towards digital transformation and strategy goals. Perhaps more worrying, only about one-third (34%) of firms with a C-suite-level strategy reported a structured mechanism to receive feedback from clients, which left many firms with few ways to measure their desired client service goals.

On the technological side of the equation, firms with an established digital strategy also tended to have adopted a wide variety of technologies. For examples, just about every firm in this category had some type of virtual meeting technology, and more than three-quarters reported having e-signature, collaboration, and project management technologies. However, there were some differences between firms that had lower DSS scores (exhibiting less mature strategies) and higher DSS scores.

Figure 16: **Data science, AI document review and intelligent automation a focus at firms with more advanced strategy**



Source: Thomson Reuters 2023

Some legal technologies that are considered *next generation* technologies – such as document automation, knowledge management systems, data science visualization tools, and artificial intelligence- (AI-)powered document review – were more widely purchased at firms with an established digital strategy and higher DSS scores. These technologies, however, also were cited by high percentages of the less mature firms which said they plan to purchase them within the next year, indicating that firms see these categories of technologies as a way to make their digital strategy more advanced.

In addition to the software component, law firms have been heavily investing in increased personnel to carry out their digital strategies.

"We've hired new employees and there's also been a change in profiles, the substitution of one employee for another. When an employee with a certain scope left the firm, we took advantage of this and brought someone in with a broader scope and with better training in those areas."

More than three-quarters of firms with a digital strategy have recruited new roles to implement the strategy. These roles had a wide variety of titles, although many of the most common ones had a technological component: data analysts and engineers, IT roles, developers, and innovation/project managers.

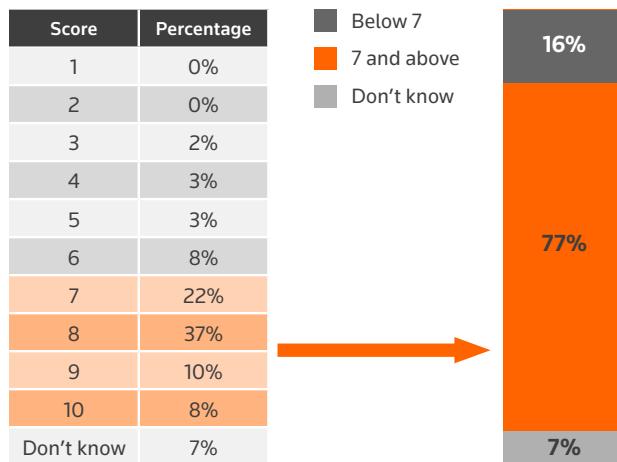
As one respondent explained: "We've hired new employees and there's also been a change in profiles, the substitution of one employee for another. When an employee with a certain scope left the firm, we took advantage of this and brought someone in with a broader scope and with better training in those areas. We also hired four new people because of the need to replicate the strategy, uniformly, [across multiple jurisdictions], in our partner firm."

However, some respondents emphasized that personnel changes can be both an opportunity and a challenge. On one hand, it is a chance to hire people with a skill set more aligned with the firm's changing needs during the process; but on the other hand, it can stall the process when vital skills are lost, particularly during a time with a lot of competition for talent and high lateral movement.

Success & challenges

Overall, most law firms that have adopted a digital strategy at the C-suite level have viewed their efforts as successful. Similar to the Thomson Reuters Institute's DSS score that placed most respondent firms at a 13 out of 20 or above in terms of digital strategy maturity, these firms largely gave a self-assessment that placed themselves at a 7 or above out of 10.

Figure 17: **More than 75% rated their firm's success 7 or above**



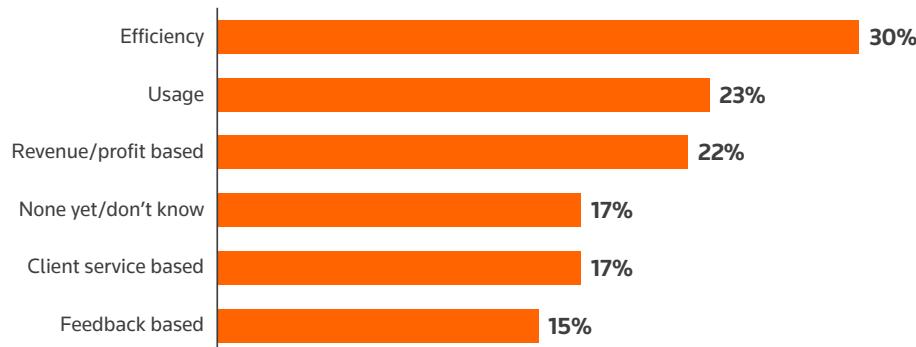
"I think the biggest win has been to think ahead on what is needed, to plan for that requirement and then to devote the resources required to make that happen. We have people for that, both in terms of training and communication."

Source: Thomson Reuters 2023

More than half of firms (55%) gave themselves a score of 8 or above, although only 8% gave themselves a perfect 10. No firms, incidentally, gave themselves a 1 or a 2. This skewed distribution could demonstrate the difficulty in comparing a firm's own efforts to its peers, especially in a topic area that is still being defined and iterated. Generally, however, respondents felt that if they had crafted a digital strategy planning and implementation process with an actionable way to move forward, then the initiative was a success.

"I think the biggest win has been to think ahead on what is needed, to plan for that requirement and then to devote the resources required to make that happen," said one respondent. "We have people for that, both in terms of training and communication."

In terms of specific metrics to measure that success, respondents cited a wide variety. Not one category of metric was being used by more than 30% of firms, showing that while a number of firm leaders feel their digital strategy is successful, the definition of what that success means is not uniform across all firms.

Figure 18: **What metrics is the firm using to measure success?**

Source: Thomson Reuters 2023

Efficiency and usage were cited more often for firms with a DSS score above 15 – particularly usage, which ranked as the top metric to measure success among those firms with a more mature strategy. Interestingly, revenue/profit-based metrics ranked below client service-based and feedback-based metrics for those mature firms. This shows that while return on investment (ROI) is often cited as a necessary way to measure success, sophisticated firms have been able to promote a wide variety of metrics to show the success of their digital programs.

In implementing a digital strategy, firms by and large found the *soft skill* side of the strategy to be a more difficult challenge than the technological or software side of the strategy. In fact, more than half of respondents identified one type of challenge above all others: engagement and buy-in.

Figure 19: **What have been the biggest challenges?**

Source: Thomson Reuters 2023

Respondents identified a number of challenges with getting stakeholders on board. For some, it was a matter of changing operations from the daily routine. For example, one respondent said their biggest challenge was “rolling it out within the firm to those who are not so comfortable.”

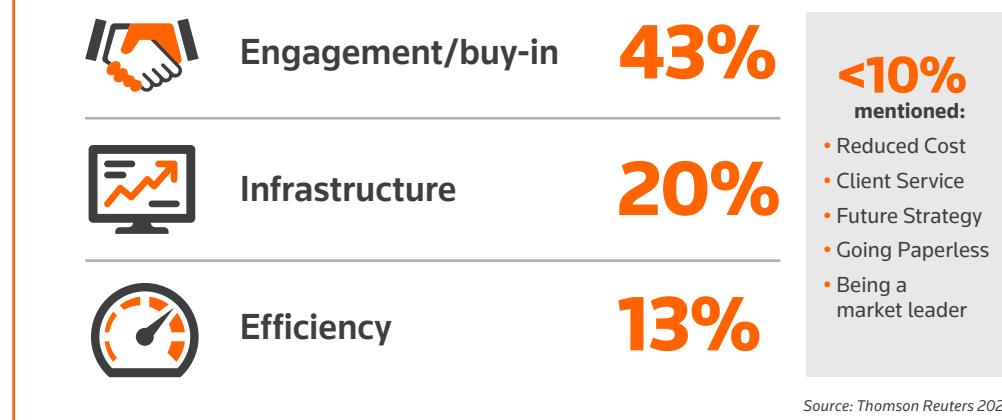
For others, particularly firms that had a wide variety of stakeholders and familiarity with technology, finding a digital strategy that fits all could be difficult. “The adoption change has been hard on us being a larger firm, so getting everyone to buy in has been tough,” noted one respondent.

The focus on people and change management also surfaced among respondents who mentioned scope as their biggest challenge, comprising 10% of the respondent sample. “The enormity of the task is challenging for a lot of people and for the people in charge to manage,” cited one respondent.

Another said the biggest problem may have been simply: “Thinking too big.”

However, for those firms that tackled engagement and buy-in head on, the results could be impressive. In fact, in addition to its role as the largest challenge to overcome, engagement and buy-in also ranked as respondents’ biggest win in their digital strategy journey, far more than even infrastructure or efficiency.

Figure 20: In the course of your digital transformation journey so far, what would you say have been your biggest wins?



Those respondents who cited engagement and buy-in as a big win saw it not only as a victory for their digital strategy initiative, but also for potentially changing how the firm as a whole can adapt and change. Some respondents said the digital strategy project encouraged attorneys to not only use technology better, but to think about how technology can intersect with firm strategy. One said many of their lawyers had not looked at the technology issue in this way previously. “It’s been great having lawyers understand the digital transformations and having lawyers come to us with their own ideas,” said one respondent.

Some who underwent digital strategy initiatives said they found new technology champions within the firm and were able to amplify these champions' voices more so than in the past. The younger generation in particular was also cited for their support of digital strategy initiatives, with one respondent adding that their biggest win was "getting the attorneys involved, especially the next generation leaders and giving them a voice."

That is not to say that the hardware and software part of the equation is not an important part of the digital strategy journey — indeed, sorting through a wide variety of technology solutions was the biggest challenge for 10% of respondents; while an updated technology infrastructure was the biggest win for 20% of respondents. While many may view digital strategy initiatives as purely technological, however, it's revealing to see that many firms that have gone through the process now focus more on people and process-oriented challenges and wins.

And that extends to how those firms that have gone through the process would have approached it differently in hindsight. A sizeable portion (23%) said they would not have done anything differently or did not know what they would have done differently. But among those firms that said they would make changes, project and people management were the most common themes.

About 20% of respondents to the question said they would have used a different structure or strategy. "We started out less organized and bit scattered," one respondent said. "For something like this, you have to make a project out of it, from day one."

Among the same portion of respondents, many simply wished they didn't wait so long to adopt a digital strategy. "Started earlier, moved faster, and been bolder," offered another respondent.

Conclusion

Law firms overall have begun the process of integrating disparate technology and digital transformation initiatives into an overarching firm strategy. While the idea of a *digital strategy* remains a relatively new idea at many law firms, the need to systematically digitize the firm has taken hold as a central or very important part of the overall strategy at firms of all sizes.

For those law firms that have already implemented their digital strategy, by and large they have been happy with the results. Respondent firms view their initiatives as successful and believe their technology is now at least above-average compared with peers, if not market-leading. And while many firms viewed obtaining engagement and buy-in as a key challenge to digital strategy implementation, those that did so believe it will have positive effects not only for the firm's strategy, but in future initiatives at large.

Still, particularly with so many firms either still developing their digital strategy or having only implemented it within the past two years, the path to achieve success is not well-defined. Firms differ in who within the firm should own the strategy, which employees should have mandatory objectives linked to the strategy, and which metrics are best to measure success in the first place. Many firms also view client service as a stated goal of a digital strategy implementation, yet clients are often an overlooked part of firms' plans, either at the outset of strategy planning or in collecting feedback on the strategy's success.

As a result, firms looking to either institute their own digital strategies or make their own strategies more mature would be wise to consider a few questions moving forward, including:

- Does your strategy meet the unique needs of your firm?
- Are you open and honest about your firm's current approach? Could your firm be more proactive or strategic?
- Who has ultimate ownership of the strategy, and who should have mandatory objectives (and thus buy-in) linked to strategy?
- How have you been seeking to gain buy-in from partners and clients, and would you be better served by making your digital strategy more externally-focused?
- How does the strategy achieve stakeholder buy-in and overcome potential resistance to change?

Digital strategy may be a relatively new concept for many law firms, but it's turning out to be a popular and successful one. The expectation is that more firms will be establishing formalized, C-suite-level digital strategy initiatives over the coming years.

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