

Benchmarking Business Intelligence: Why Law Firms Should Take a Closer Look at BI



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Table of Contents

- [Introduction](#)
- [Executive Summary](#)
- [Conclusion](#)
- [Findings](#)
- [How Can Litera Help You?](#)
- [Respondent Demographics](#)

Introduction

In an effort to gain insights into the adoption and impact of business intelligence (BI) solutions within the legal sector, Litera recently partnered with Above the Law to survey financial roles in law firms on their knowledge and use of BI. The survey aimed to assess the awareness and perceived value of BI solutions, identify potential barriers to their adoption, and gauge satisfaction levels among firms that have integrated BI into their financial decision-making processes.

The findings offer a nuanced understanding of how law firms are navigating the evolving landscape of data-driven decision-making. By exploring the current state of BI adoption, the survey sheds light on the benefits and challenges associated with these tools, providing valuable perspectives for firms considering or currently utilizing BI solutions. In the following sections, we delve into the survey results, highlighting key trends, satisfaction levels, and areas for growth within the legal industry.

About the Survey

The online survey gathered insights from 296 respondents. The survey targeted a diverse group of law firm professionals, including Partners, Managing Partners, Associate Attorneys, Administrators, Business Analysts, and more.

Respondents were drawn from Above the Law's readership, which includes 1.5 million monthly visitors, with the strong majority based in North America. (More detailed demographics are listed at the end of this survey.)

Executive Summary

“Organizations must be networked, not siloed, in order to succeed. Their goal must shift from efficiency to sustained organizational adaptability.”

- Gen. Stanley McChrystal, “Team of Teams”

Law firms are facing more financial reporting demands than ever before. While many consider new avenues to help decode and present financial data, others find the solutions as intimidating as the problem.

This report, compiled from the survey responses of nearly 300 legal professionals, explores the challenges law firms face on their journey to better BI, including the decision to buy or build, deciding the right KPIs to measure firm and individual performance, tackling adoption, and why law firms have been so slow to integrate BI into their business. Here’s what you’ll find:

Key Challenges:

- **Lack of Awareness:** Many firms are unfamiliar with BI options, hindering adoption
- **KPI Selection:** Over 80% of respondents cited difficulty in choosing Key Performance Indicators (KPIs) as a major hurdle
- **Stakeholder Buy-in:** Time constraints make gaining support difficult
- **Implementation Delays:** Firms building in-house systems experience longer rollouts, often exceeding a year

Satisfaction and ROI:

- **Trusting the Data Story:** Most firms express satisfaction with their BI systems, reporting increased confidence in data accuracy and improved financial metrics
- **Increased Efficiencies:** Common success metrics include reduced collection delays, enhanced transparency, and a focus on profitability
- **Top Performance Metrics:** How having access to the full financial picture helps law firms shift from a revenue mindset to prioritizing profitability

Adoption Insights:

- **Stealing the Show:** Aside from the standard KPIs, law firms are also looking to measure some unexpected values related to firm culture
- **Preferred Partners:** How vendor-based solutions ease integration and data partitioning, reducing firm workload

Future Outlook:

- **Data Needs are Growing:** the need for better data will only grow, and the use of AI and a shift towards cloud-based solutions is inevitable.
- **Working Together:** Integrations and seamless data tracking have been identified as top priorities for the future

Conclusion:

BI systems are becoming essential for competitive advantage in the legal sector.

Without a BI system, data is often scattered across platforms and departments, inaccessible to key stakeholders, locked inside practice silos. Gathering this data into a consistent, versatile format requires time and effort, hampering organizational flexibility.

An effective BI system provides transparency across groups, increases adaptability, and provides a clear picture of profitability drivers. Solutions like Litera's BigSquare provide comprehensive, consistent, on-demand financial reporting, while eliminating key challenges like KPI selection and implementation delays, positioning firms for future success.

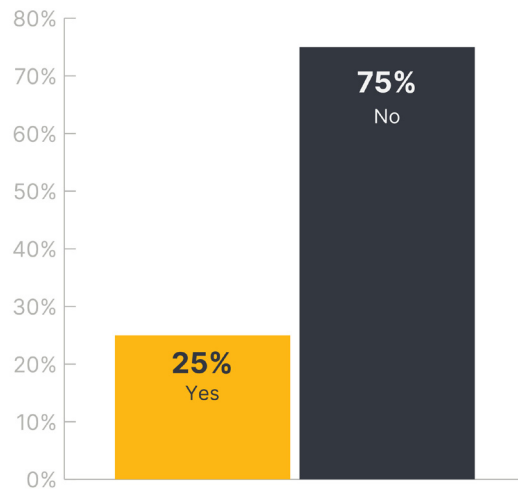
Findings

The Blockers To BI

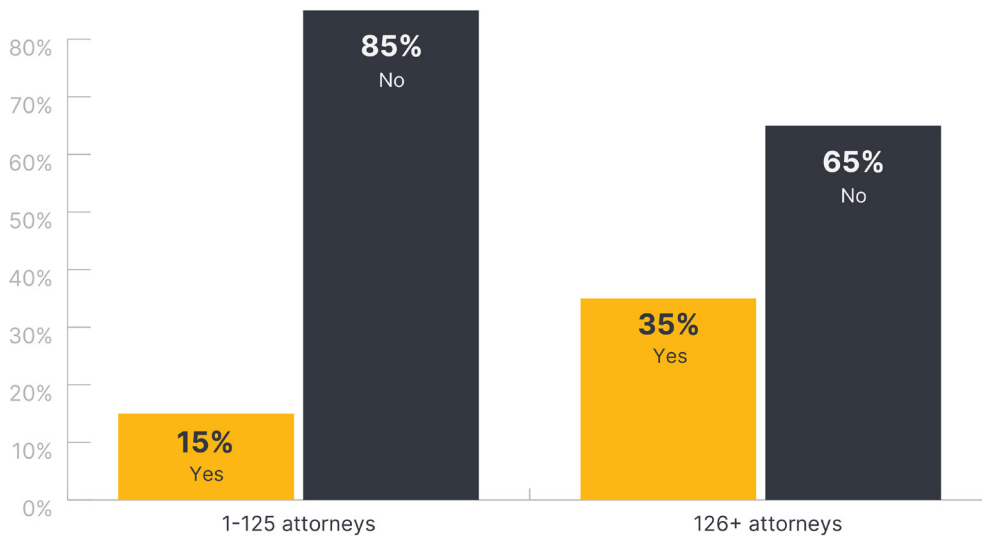
In answering a threshold question on BI use, a majority of survey respondents indicated that they are not, by and large, currently utilizing business intelligence systems.

While technology is clearly making inroads in legal practice and especially within large law firms, our respondents highlight the relatively slow progress of this shift.

Are you currently using a BI solution to manage your firm's financial information?

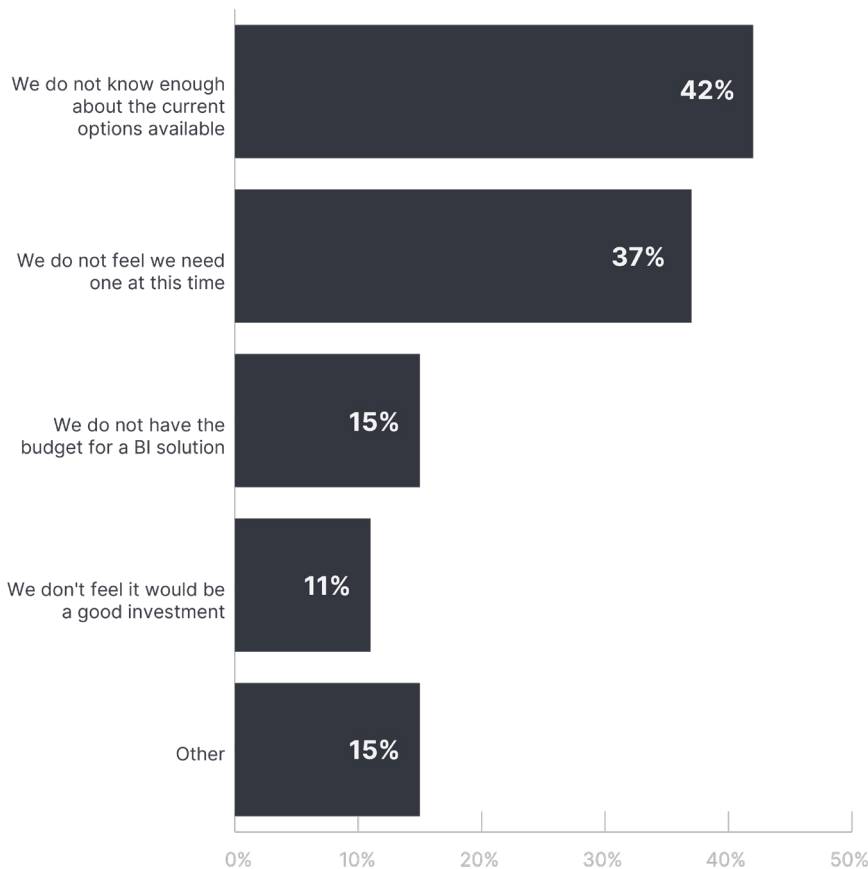


Firms currently using BI solutions, by size:



Respondents without a BI solution offered a range of reasons why their firms do not have a system in place, the most common being that they don't know enough about the current options available.

If you are not currently using a BI solution, why not? (select all that apply)



A Law Firm Disconnect

One respondent shared a particularly telling explanation for their lack of a BI system:

I personally do not use one, but I'm sure the firm does. In my view, there is a disconnect between the practices and the business; the business doesn't understand the practical/operational realities of the teams actually doing the work, so their "solutions" always fall short.

This respondent points to a common phenomenon.

When it comes to BI, law firms sometimes start with a financial back office need and create a solution that speaks to those challenges.

But the back office needs do not necessarily mirror the needs of the front office.

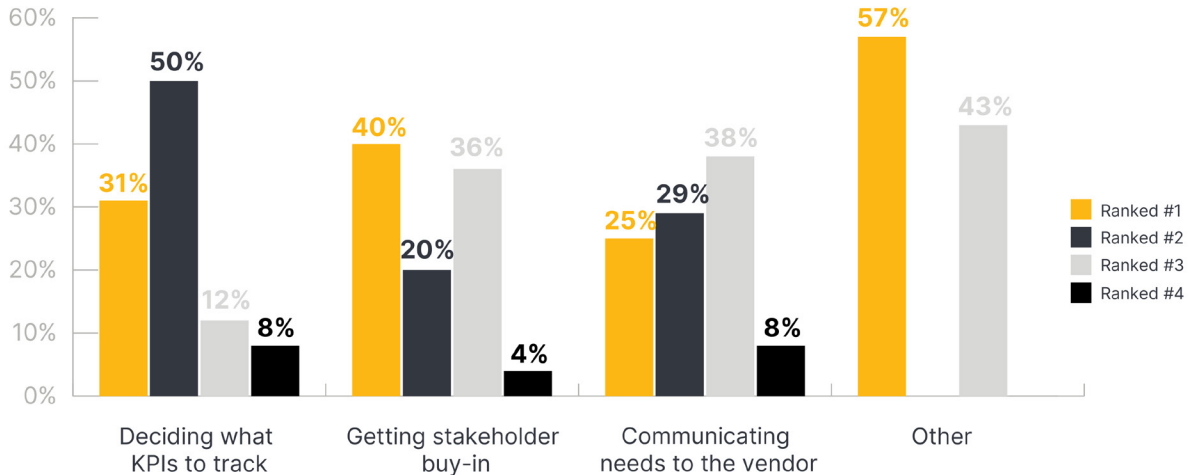
Today's BI solutions, however, don't force this choice. Both views and needs can be addressed.

The BI system will marry the two perspectives, and find areas of overlap to drive front office behavior by increasing transparency on the back office business goals, increasing overall accountability from both sides.

Lawyers at firms that have adopted BI solutions also reported scattershot challenges in bringing one on.

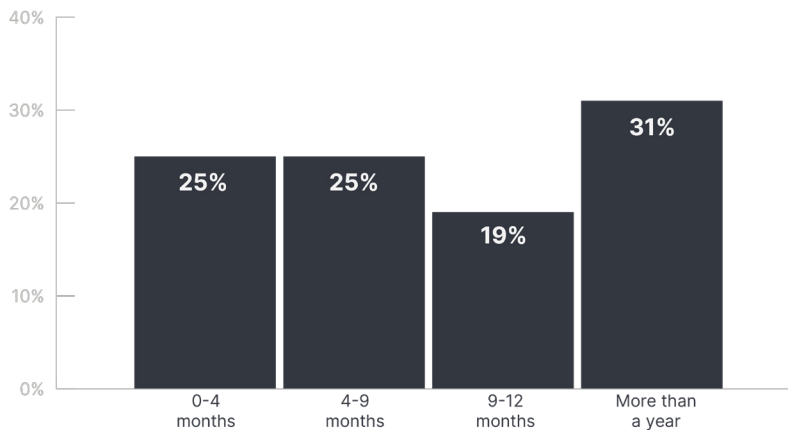
The greatest challenge respondents faced was deciding what KPIs to track — with over 80% of respondents ranking it as the No. 1 or No. 2 challenge.

What were the biggest challenges you faced in implementing your BI system?



Finally, many firms that have adopted a BI solution faced long rollout times in implementing their system.

How long did it take for you to implement your current BI solution?



The largest group said implementation took more than a year — though this is not reflective of the latest BI solutions on the market.

The firms that built their own systems were the most likely to fall into this “more than a year” group, while firms that purchased a third-party system led in the shortest adoption time frame. This indicates that while many firms feel an in-house solution may allow for more custom reporting and cost savings, many may overlook the time and cost it takes to build a solution from scratch, and the strain on staffing and resources needed to maintain these systems long-term.

Crowell’s Experience

Firms like Crowell & Moring LLP have mastered the art of business intelligence.

In 2022, the 500-lawyer firm faced several challenges related to BI. After nearly 10 years of offering customized “automated” reports, the Crowell Finance team found itself sending hundreds of different reports on a regular basis. These reports were often inconsistent and inaccurate.

Mired in reporting, the Crowell Finance team couldn’t focus on the higher-value analysis needed to support firm goals.

Crowell consulted with the BigSquare project team to customize their BI application to suit their firm’s specific needs and culture. Going with the BigSquare Attorney Analytics application removed the need for the custom reports being generated each month.

Crowell & Moring shared:

“In a matter of a few weeks the dashboard has already begun to save an incredible amount of time and money,” noted the firm’s financial planning and analysis manager.

[Read all about Crowell’s experience here.](#)

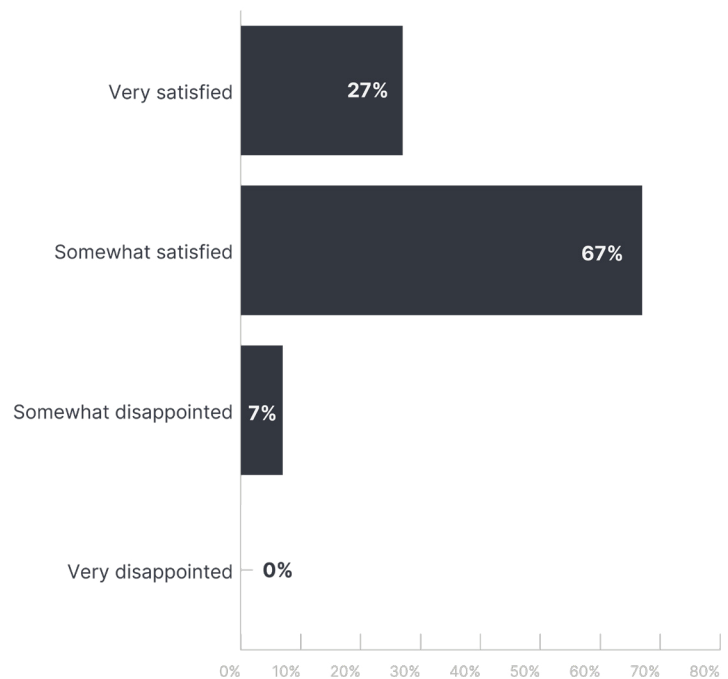


Satisfaction With BI Systems

For firms that have BI systems up and running, new questions arise, such as: “[w]ith this data problem solved, what should we do with this information?”

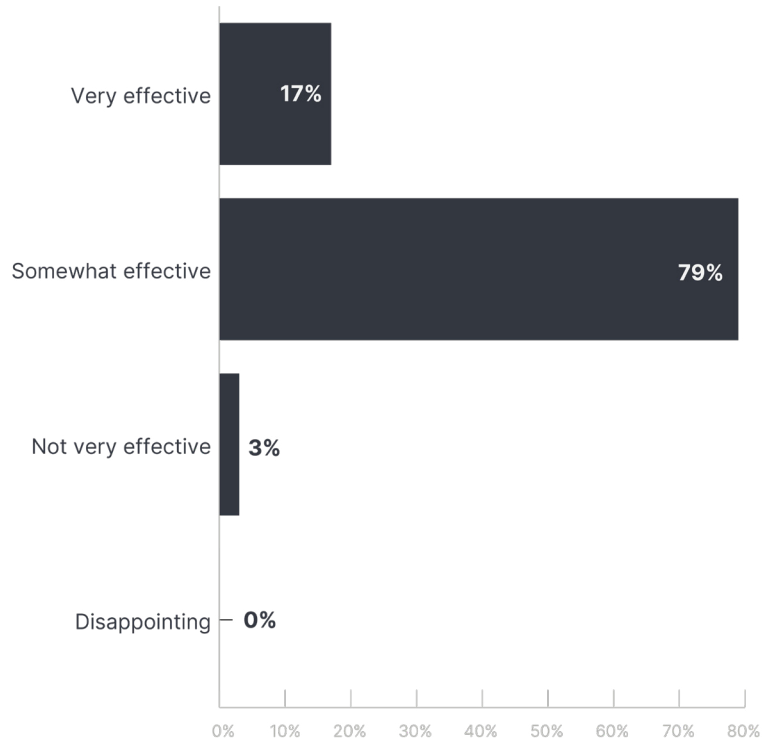
To start, most respondents are satisfied with the system they’ve adopted. Only 7% report being disappointed, and none say they’re “very disappointed.”

How do you feel about your current BI system?



And only 3% question their system’s ROI — with zero saying they’re “disappointed” in that area.

To what extent do you feel your BI delivers on ROI?



So how do our respondents determine their system’s success?

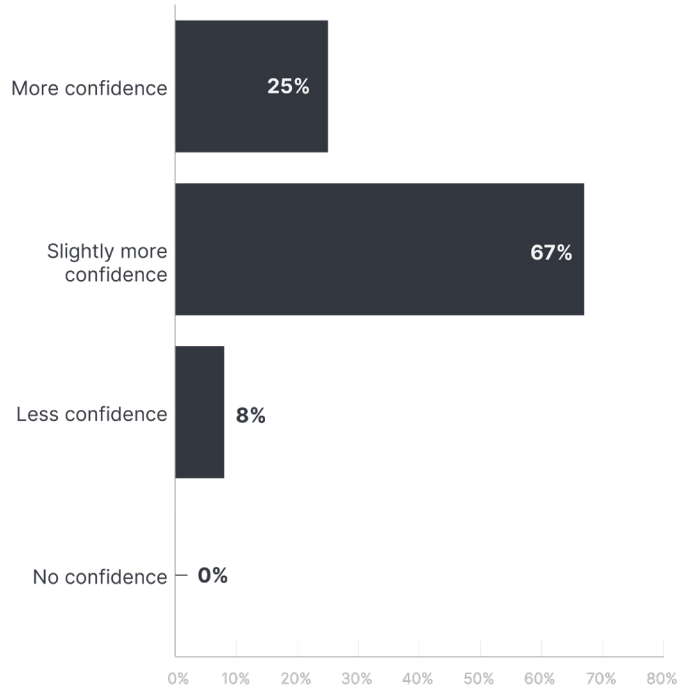
The professionals surveyed report a range of metrics used to assess the ROI.

These include client acquisition costs and case resolution time, time spent per matter, fees per case, and increase in accounts receivable, as well as more subjective measures such as user satisfaction and client satisfaction. When considering those that use third-party solutions, it’s important to remember that costly system maintenance and upkeep is a non-issue, as that responsibility lies with the vendor.

One respondent said their firm tracks the “number of attorneys using BI and number of calls to the accounting department to request information readily available in BI.” This demonstrates the value of time saved hunting down repeat information that can be easily accessed by a BI solution.

Aside from these benefits, having a BI solution has given over 90% of respondents **increased confidence in the accuracy of their data**.

How has your confidence in the accuracy of your data changed since implementing a BI solution?



The ‘Sweat Equity’ Metric

Respondents pointed to their BI system’s successes in reducing collection delays, increasing transparency across practice groups, and sharpening a focus on profitability as opposed to revenue.

The benefits of reducing collection delays are self-evident, as this will help solve cash flow problems while bolstering financial metrics.

The increased focus on profitability, meanwhile, is a key indicator of the success of a firm’s strategic approach.

Revenue numbers are seen as the firm’s “sweat equity” — and therefore these have long been the metric on which firms report to their partners. It’s the KPI that directly translates partners’ day-to-day efforts to actual financial metrics.

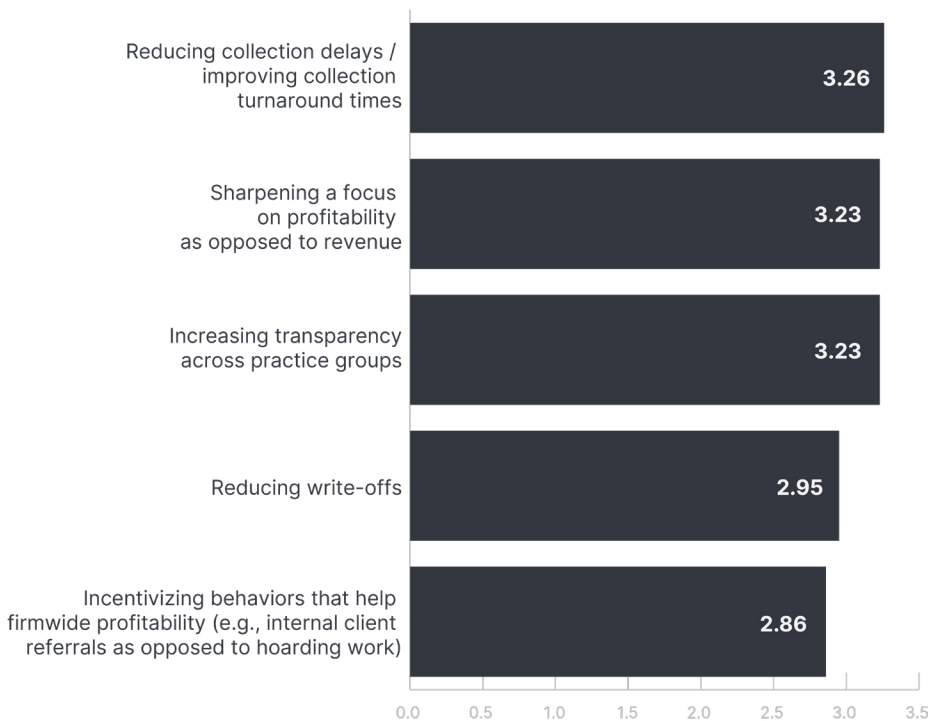
Converting that metric to profitability (factoring in KPIs

like utilization, realization, leverage, cost, etc.), takes time and expertise. It’s one of the calculations that a BI system can do based on its repository of validated data.

And of course, increasing transparency across practice groups allows a shift to a firm-centric focus among more independent business units — a key predictor of firmwide success in today’s business environment.

To dig deeper, the specific areas in which BI solutions have had the most success, according to the respondents, are reducing collection delays, increasing transparency across practice groups, and sharpening a focus on profitability as opposed to revenue.

**How successful has your BI system been in achieving the following?
(Please rate from 1-5, with 5 being the highest rating.)**



Considering KPIs

While deciding on which KPIs to track was the biggest challenge identified by our respondents, a vendor-based system focused primarily on business intelligence will ease this process.

Advanced BI systems, like Litera’s BigSquare, come with a sophisticated yet simple approach to KPI tracking that can be successfully adapted to any firm’s priorities, obviating the need to build a custom system.

For a law firm’s business managers, the discussion around implementation becomes much easier with a vendor-based solution as well. In fact, many reporting functions that law firms deem unique to their firm are actually quite similar firm to firm, allowing third-party solutions like BigSquare to offer out-of-the-box implementations that require very little firm lift.

Firms that purchased third-party systems were also the most likely to find it “very easy” to partition data to serve multiple user types. Litera’s BigSquare, for example, has security configurations that allow it to take on the challenge of partitioning data while also providing for a tailored practice management experience within the same tool.

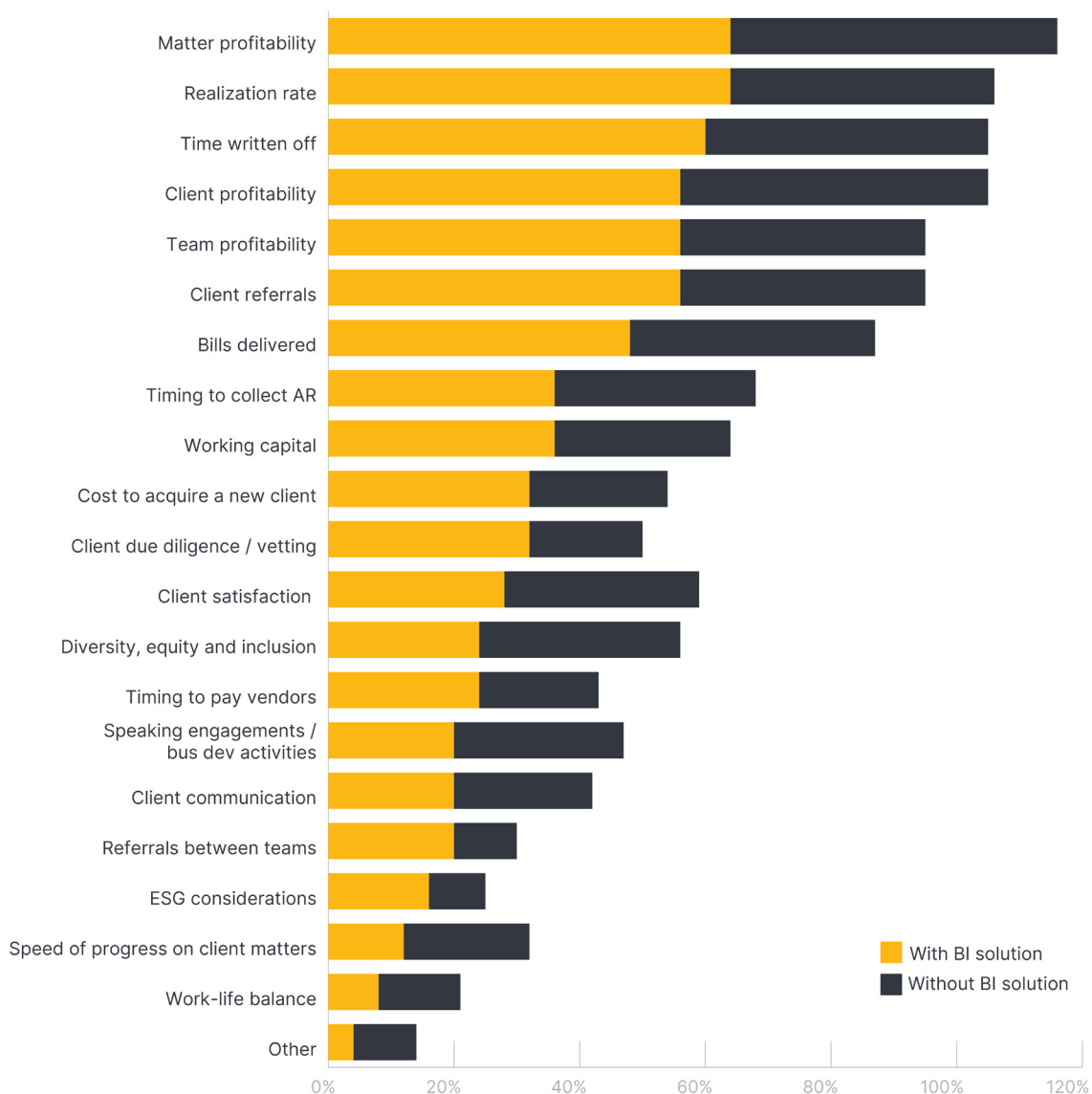
Enter the KPI

As the business management guru Peter Drucker has stated: “What gets measured, gets managed.”

The best BI systems don’t just measure KPIs on a monthly basis, however. They’re also continually extracting data and delivering that insight every single day.

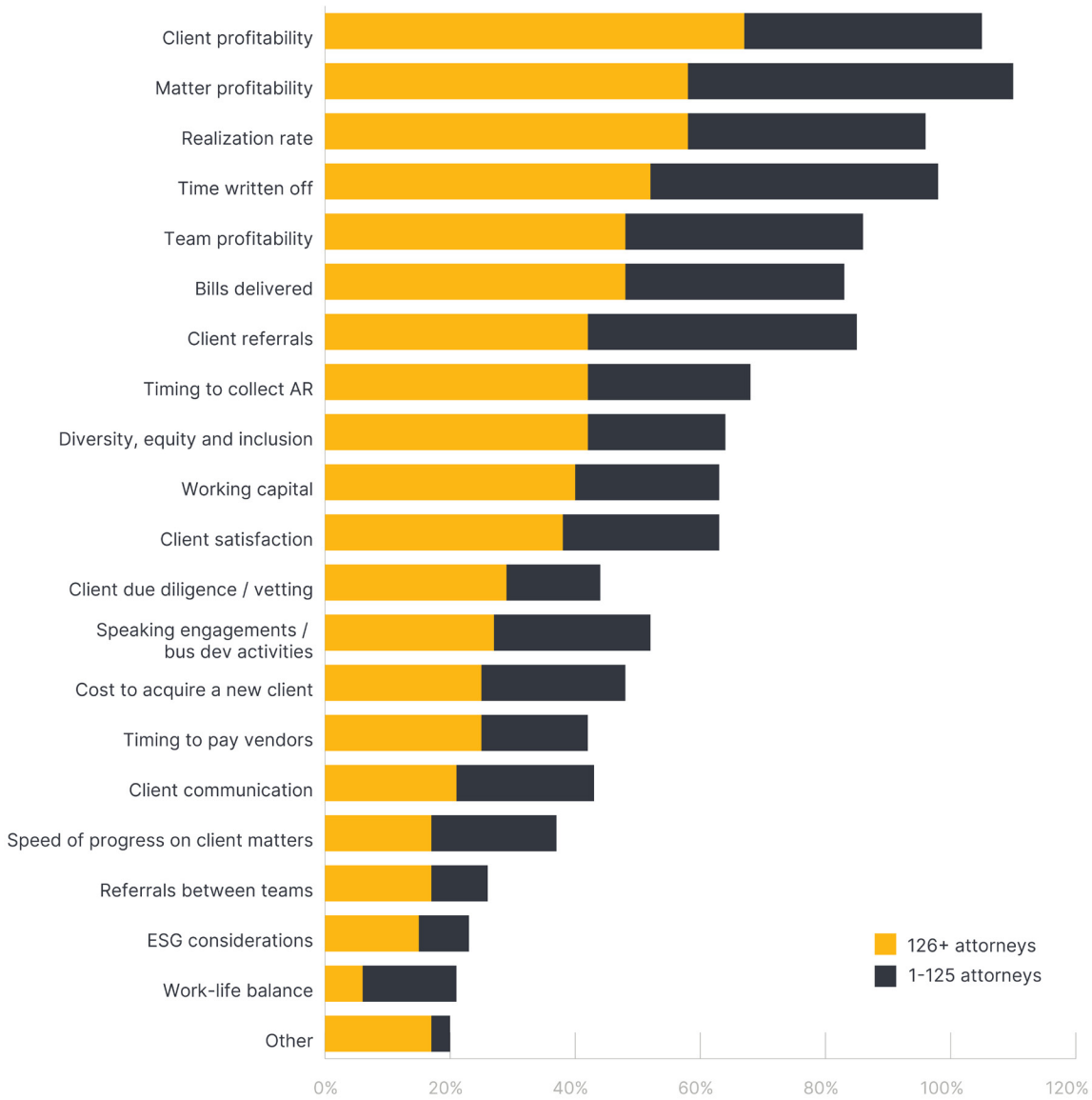
According to our survey, firms that have such a system in place are leaving their competitors behind in the data they are tracking.

KPIs tracked by firms with BI solutions vs firms without BI solutions



Large firms represented in our survey were also far more focused on tracking just about every KPI listed.

KPIs currently tracked, by firm size

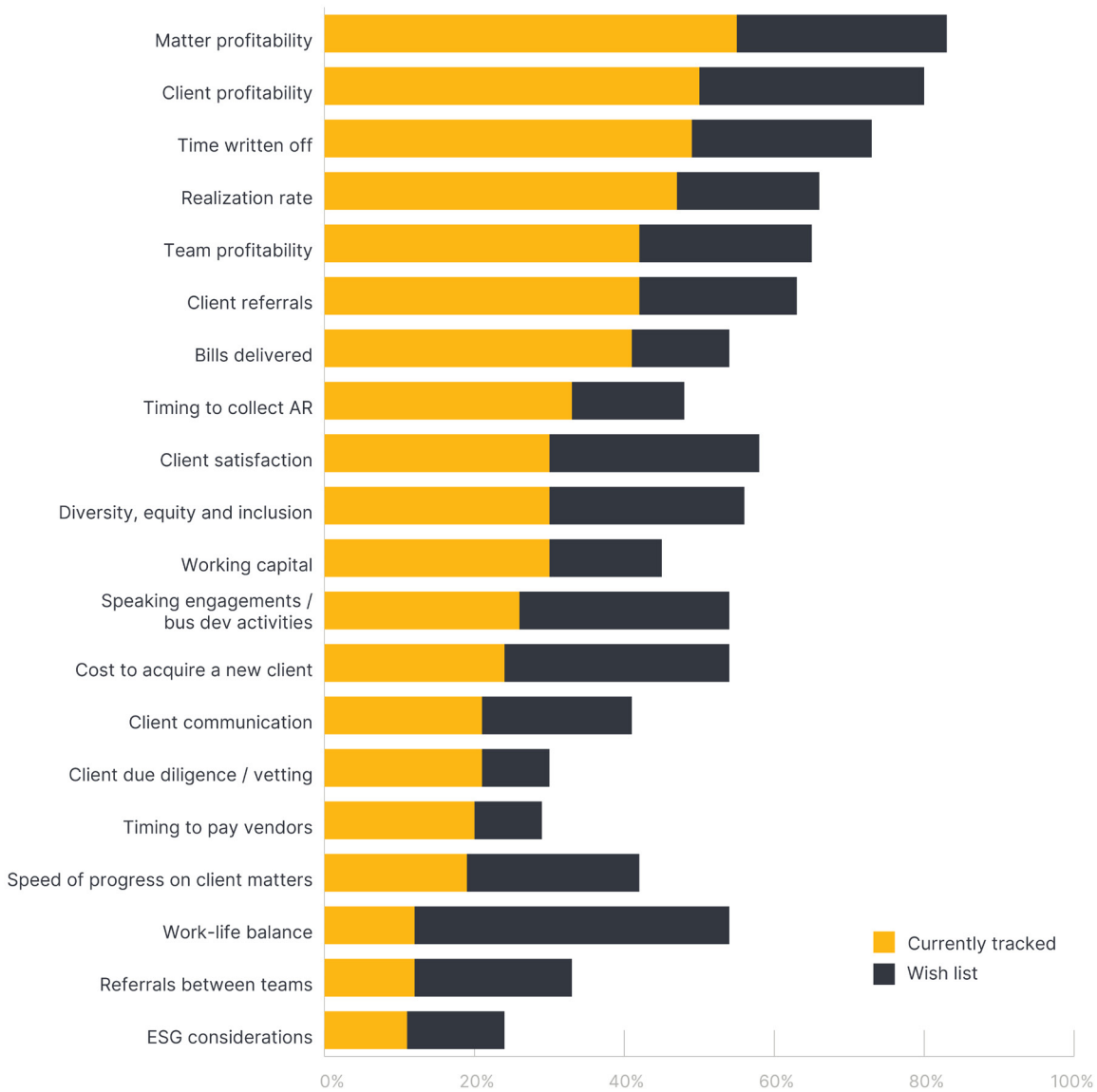


When asked which KPIs our respondents wish their firms were tracking, the timekeepers themselves made their voices heard the most.

“Work-life balance” led all others by a wide margin — especially at large law firms.

While firm managers may be wary of tracking and documenting the full extent of hours worked — including work on weekends and holidays — merely gathering this data would likely set a firm apart as a leader in quality of life for its employees.

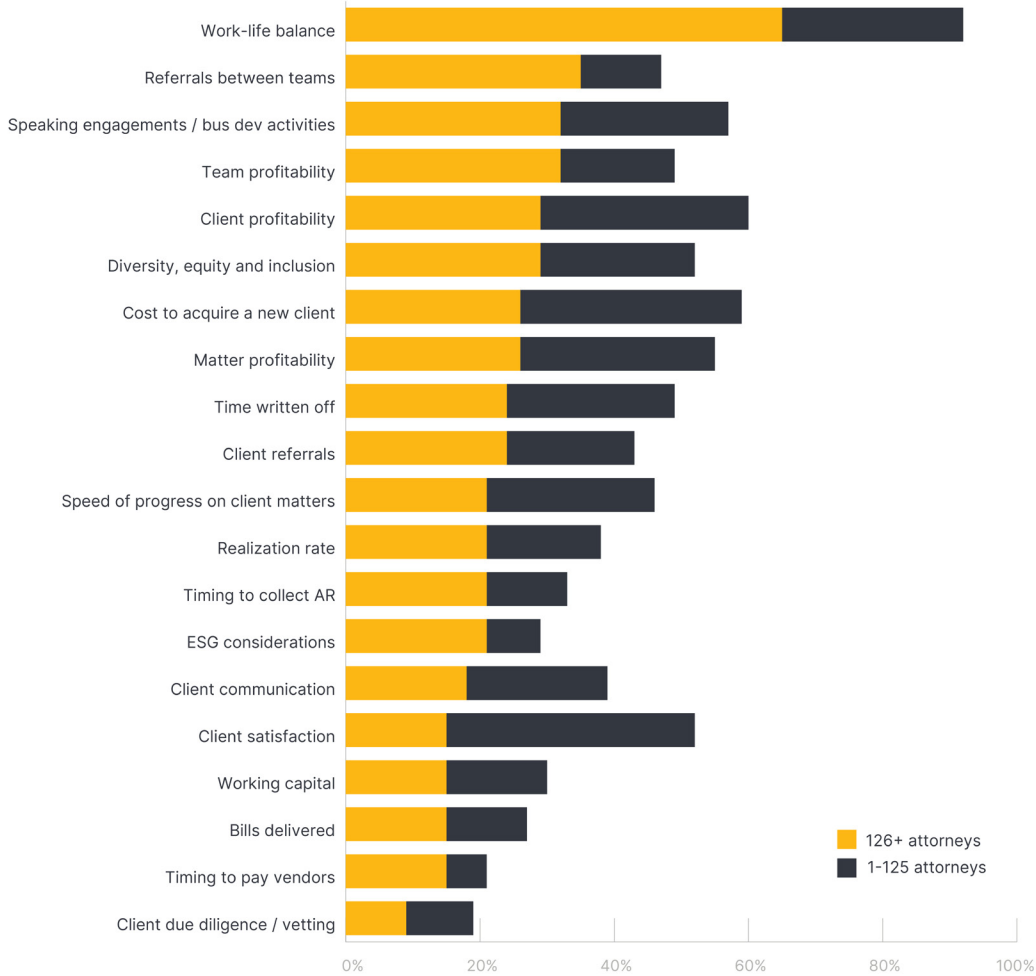
KPIs currently tracked vs KPIs respondents wish were tracked



Firms of different sizes have different priorities, however.

Referrals between teams were also more important to respondents at large firms than those at smaller firms.

KPI wish list, by firm size



Still More KPIs

While the survey's list was extensive, respondents had a number of additional ideas. Some suggestions from our respondents include:

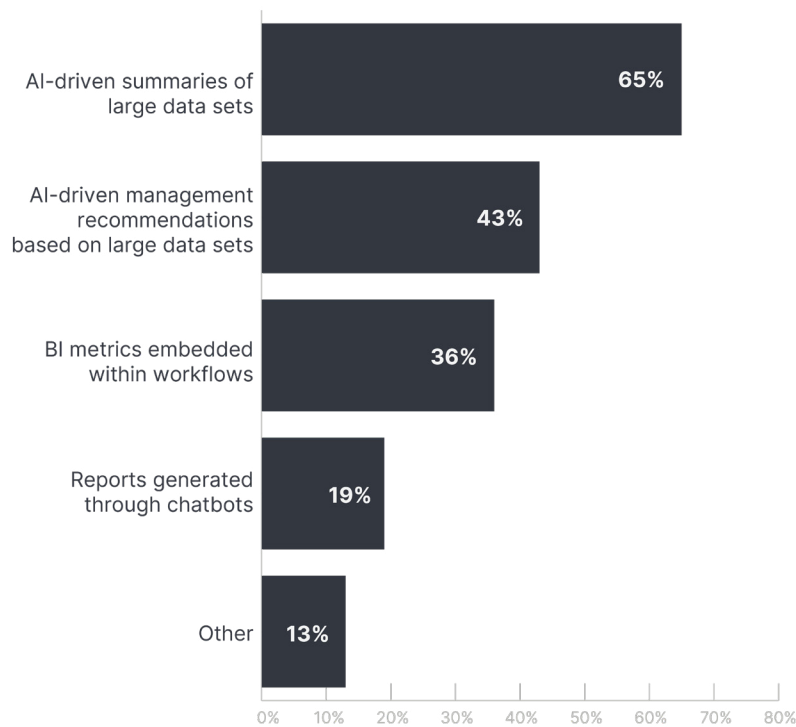
- Analyzing client value prior to intake
- Attorney success rates
- Case resolution by partners and case resolution by junior associates
- Client communication, time written off
- Employee satisfaction, costs of recruitment, training, retention
- Need better tools around profitability and pricing
- Proposal win/loss rates and associated revenue
- Satisfied associates
- True net profitability of each settlement / case

Looking Ahead

Finally, respondents were asked how they anticipate their firm’s data needs changing in the next few years — and whether they believe they have the right infrastructure to address such changes.

It’s a topic that’s difficult to discuss without focusing on the impact of AI, and our respondents had their attention there as well.

What sorts of AI-driven and other emerging features are you most enthusiastic about?



The open-ended questions brought about more wide-ranging predictions.

Many expect there will be more data to manage and more need for research, reporting, and in-depth dives. They expect “increased use of tech-based solutions” and believe “pressure will increase to track various KPIs and make changes rapidly and effectively.”

Some respondents foresee moves to the cloud and away from on-premise applications. A few expect to make more use of AI.

As to whether their firms are prepared for these developments, some respondents seem confident they have the right infrastructure, some know they need to invest in new systems, while others are unsure.

As one respondent observes, “The exponential increase in type and amount of data creates big questions.”

In discussing a BI system of the future, one element mentioned more than once was “integration”: “More workflow integration!” urged one respondent, while another suggested “seamless tracking and integration — takes the steps out of it for the attorneys.”

Other desirable features include “reliable financial data,” “capital tracking,” “more individual valuation and automated tracking,” and “analysis of the best uses for marketing dollars.”

Based on what today’s BI systems can provide and the results of our study, one aspect of this outlook seems clear.

A top BI system would be a major competitive advantage today. Tomorrow, it will likely be table stakes.

How Litera’s BigSquare Can Help

In an increasingly complex and competitive legal market, effective decision-making is paramount. However, many law firms grapple with overwhelming financial data, scattered across multiple platforms, making it challenging to gain a holistic understanding and leverage their financial data to its fullest potential.

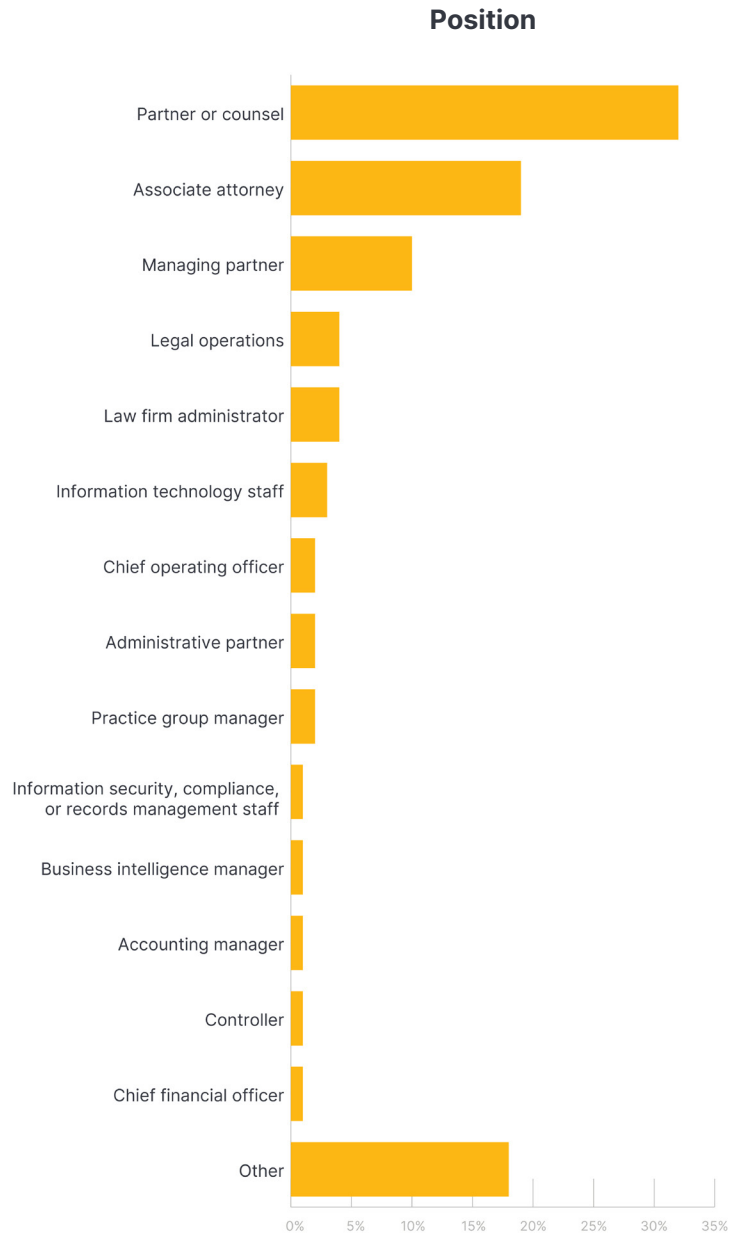
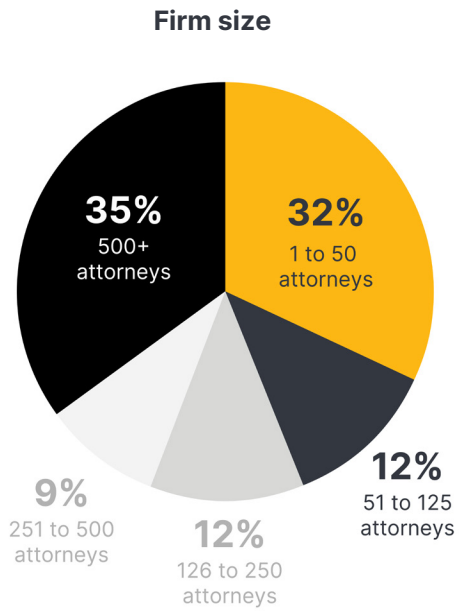
[BigSquare](#) helps law firms gather, understand and visualize their financial data quickly and easily by providing self-service business intelligence to attorneys, finance departments and pricing teams.

Streamline your firm’s business intelligence and financial reporting objectives with BigSquare without disrupting your processes as it integrates with your existing systems including Clio, SharePoint, SurePoint, Elite 3E, iManage, Aderant, AWS, Juris, Intapp, Workday, Litera Clocktimizer and more.

To learn more and witness the power of BigSquare firsthand, you can request a demo by clicking the icon below or visiting <https://www.litera.com/products/bigsquare>.

Respondent Demographics

Respondents self-reported their demographic information.





About Litera

Litera has been at the forefront of legal technology innovation for over 25 years, crafting legal software to amplify impact and maximize efficiency. Developed by the best legal minds in the industry, Litera's comprehensive suite of integrated legal tools is both powerful and user-friendly and simplifies the way modern firms manage core legal workflows, secure collaboration, and organize firm knowledge and experience. Every day, Litera helps more than 2.3 million legal professionals focus on their craft. Litera: Less busy work, more of your life's work.

About Above the Law

Above the Law takes a behind-the-scenes look at the world of law. We provide news and insights about the profession's most colorful personalities and powerful institutions, as well as original commentary on breaking legal developments.