Strategies To Improve Reporting In The Legal Industry

By **Kenneth Jones** (March 29, 2023)

There is an increasing demand for advanced analytical reports and information within the legal profession. This demand is present both within law firms and corporate law departments, albeit in different ways.

For example, generally speaking, law firms are interested in reports both to run their partnerships efficiently and to support the needs of their clients and their legal work.

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Corporate law departments share the need with law firms for reports associated with legal work, but their administrative constituencies for reports include their company's financial departments, executive leadership, and ancillary entities such as actuarial companies and auditors focused on verifying information such as litigation valuations.

Some examples of higher-utility reports include those displaying current information relating to legal matters and costs, with executive dashboards being one example; timely and targeted matter budgeting and spending data to support pricing and revenue strategies; and amalgamated data from discrete tracking systems such as matter management, time entry or financial, and customer relationship management.

Assembling and presenting data related to emerging functional areas such as diversity, sustainability, and pro bono or access to justice efforts is also on the rise.

And the demand is not constrained to defense firms; plaintiffs firms have their own needs to leverage advanced data, albeit for different reasons, such as to assess matter value during the intake process or to accurately forecast projected settlement value as plaintiffs progress through the matter lifecycle.

Traditional processes such as monthly case status reports, for example, no longer make the grade. It's better when a client can look up the case status on a live system at any desired point in time.

Similarly, checkpoints within law firms to ensure time is entered as it is incurred are better than having to wait for some duration prior to entering time. The evolution of the industry to one where portals and dashboards provide critical information, while certainly not complete, represents movement in the right direction, and the impetus in the industry to continue in this direction is growing.

There are, however, challenges to such information gathering within both law firms and corporate law departments. For example, pulling data together for reports on diversity or associated costs within a certain practice area or line of business is not easily accomplished.

What have been the traditional barriers to success? One is the challenge in extracting meaningful information from the fairly limited legal task code sets in use.

For example, attorney and paralegal time entry systems have traditionally made use of freeform narratives without standard task codes. While on the hopeful front, most time

entry providers are now offering different methods of automatically generating time entries based on legal work tasks such as a making a phone call, writing a brief, or attending a deposition or case conference, further standardization is needed.

And thanks to advancements in legal thinking and technology, times they are a-changin'.

The emerging strategies used to improve legal reporting and data science involve three basic steps: developing a structure, making connections and easing implementation. Here are some details on each.

Developing a Structure

How Industry Standard Coding With Increased Granularity Helps

The Standards Advancement for the Legal Industry Alliance, or SALI Alliance is a legal industry consortium dedicated to developing industry standard codes to describe legal work and exchange data between systems. It is an often-discussed and the obvious main development in the area of legal industry codes.

Historically speaking, coding methodologies or organizations for billing such as the Legal Electronic Data Exchange Standard and the Uniform Task-Based Management System were well-adopted and an excellent first step forward, especially for litigation.

They provided basic descriptions of many common tasks, with the simplicity — e.g., having one code for something like legal research — being both a strength and weakness. In other words, they were easy to adopt, but not detailed enough to provide modern-day complex analysis capabilities.

But the work of the SALI Alliance takes coding to a new level. It offers codes for all types of legal tasks, in more detail. Its codes support multiple types of business functions and transactions, including billing, budgeting, pricing, matter analysis and, most importantly, the transmission of data between systems in an industry standard format.

To put it another way, SALI leverages the opportunity to apply standards to all legal practice groups and to track information at a much more granular level. In technology terms, this attacks the industry problem of lacking a consistent source of truth as it relates to describing common legal tasks.

Here is an example of how SALI helps. Consider a common litigation activity such as a deposition or attending a case conference. An attorney might be attending on behalf of a direct client and conducting the deposition, or may be there just to observe the proceedings.

A case conference might be focused on a single defendant or matter, or perhaps on a group — a multidistrict litigation, for example. A deposition related to a leading figure on a matter is different from one relating to an ancillary figure. The particulars of a matter — which could be simple or complex — as well as the practice group (same complexity concept) also factors into the task definition.

All in all, there are hundreds of types of iterations on a deposition that are impossible to capture with code sets like the Uniform Task-Based Management System, or UTBMS. As noted in the above example, SALI offers the capability to specifically define an attorney's role in a deposition, compared with UTBMS, which only generally defines the work task.

Clearly, more detailed code sets are a step forward contributing to better reporting.

For any nonbelievers still out there, consider how this standardization approach for common industry activities has greatly benefited other fields.

The United Nations Electronic Data Interchange for Administration, Commerce and Transport, or the American National Standards Institute X12 standards, have driven incredible efficiency in standard business transactions such as orders, shipping manifests, invoices, etc. — in part leading to the incredible efficiency we now enjoy when ordering products from retailers like Amazon and Walmart.

Standardization helps with interoperability, something we'll explore next.

Making Connections

How Interoperability Applied to Disparate Product Suites Creates Enterprise-Grade Technology

Very broadly speaking, the legal profession is run by different types of core applications. Email, practice or matter management, document management, time entry or billing, e-discovery, and customer relationship management systems are some of the main areas.

For better or for worse, in the legal industry, there are no single companies offering consolidated software suites, at least not to medium or large-sized law firms. This creates considerable issues related to data silos.

Connecting systems, so that a report can marry case status information, financial billings and marketing objectives, for example, is paramount to creating full-featured reports. The use of industry standards like those envisioned with SALI makes creating these connections both easier and less expensive.

But all of this can't occur without providing strategics to better collect and categorize data. This is where technologies like business intelligence and executive dashboards can be applied to the legal reporting function. Let's explore some ideas on this front below.

Easing Implementation

How the Legal Profession Can Apply Standard Codes

Many might contend that developing standards within legal, while a laudable concept, is difficult to implement in practice due to the sheer complexity of the code set and the difficulty some practitioners may experience selecting the appropriate classification.

Coding in a very granular format specific to every legal practice group and situation is not easy. Think about similar challenges in another common area of our lives — medical coding and billing for doctor's visits, procedures and materials. It can really develop into a mess.

Accordingly, let us hypothesize that further technological improvements to assist legal professionals with the accurate coding of their work is one we should further explore.

Many believe one solution in the space might lie with artificial intelligence or machine learning technology, and how they can be applied to the traditional narrative time entries

within legal financial systems. By this, I mean using these technologies to interpret completed time entries — not using AI to develop time entries, which is another burgeoning trend.

Other areas where accurate coding of attorney tasks might benefit include pricing and budgeting functions.

And one exceptionally promising development is the recent SALI announcement during the 2023 ALM Legalweek conference indicating how their new application programming interface and web application can access GPT-4 and GPT-3.5 tools to analyze text, extract what matters to the substance and business of law, and run analytics and apply SALI tags.

Why does any of this automation help? In simplest possible terms, it's probably a stretch to think every practicing attorney in the world will ultimately grasp the intricacies of SALI, but it's certainly reasonable to believe they all will enter time or describe their work in a narrative sense, so any development allowing narratives to be converted to industry standard tags or metadata is a big step forward in easing implementation.

Conclusion

What is the general goal of most reporting engines? Real-time reporting, graphical presentation of data and business intelligence capabilities, naturally, are often mentioned. But the perhaps less glamorous consideration of ensuring reports are accurate and ensure that our real-life data is interpreted in the proper manner is, clearly, of the upmost importance.

This three-pronged approach — (1) using industry-standard, consistent code sets; (2) combining useful data from disparate systems; and (3) applying technologies like artificial intelligence and machine learning to help move data into proper buckets — collectively has great potential to significantly improve reporting quality within the legal profession.

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