



Legal Tech during COVID-19

Restrictions on movement have highlighted the importance of technology in the legal industry - so what are the implications for the legal tech providers?

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The pandemic and associated lock-down has had an impact on businesses across most industries. Law firms have not been immune, with clients reducing their business activity, several M&A transactions on hold and many courts closed. A recent research report for law firms estimates a revenue decline of 15-20% in 2020 compared to the previous year¹ which will have an even greater impact on profitability, driving many law firms to the difficult decision of freezing costs and in some cases taking more drastic measures such as reducing staff hours and cancelling partner pay-outs.

The restrictions on movement have also highlighted the importance of technology. Like most of the world, law firms have also had to make the transition to a work-from-home environment, relying more than ever on technology to connect employees and drive efficiency. For firms that invested in, particularly, cloud solutions and collaboration tools over the last few years, the transition to a remote workstation has been easier. However, as an industry the legal world has tended to lag in technology adoption to general businesses² and many are expected to play catch-up over the coming years if they are to successfully "future-proof" against other scenarios.

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¹Why More Firms Should Cut Salaries Sooner Rather Than Later – Law.com: <https://bit.ly/2KKY6ku>
²2019 Cloud Computing – American Bar Association: <https://bit.ly/2zK33YM>

Low cost tech enablement in constrained times

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Whether it is reviewing the existing tech stack for performance and efficiencies or perhaps further planning and reinforcement of cybersecurity measures in this more risky environment, there is actually a great deal of action that can be taken to significantly modernise and improve IT agility for the near and medium term, all of which can be inexpensive or potentially for free.

Many legal tech and software providers, including some in Hg's portfolio, are offering free products and services in direct response of the crisis. For example, Litera is providing a free trial of Litera Transact, a tool which allows for the remote management and signing of transactions and Mitrtech is making a free workflow tool to check on the health and COVID-19 risk status of employees available. Initiatives like these enable law firm CIOs to roll out or trial new tech for free, testing what might work best in the future for their firms.

Furthermore, CIOs can utilize potentially quieter employee workloads to push updates of existing systems. Updates may be free or at least less expensive than buying new systems and can unlock new features, stability gains, and cybersecurity threat mitigation.

Good leaders will hopefully be able to look past the crisis and move their firms from the 'react' phase of dealing with COVID-19, and plan tech initiatives to innovate into what will become the 'new normal' of law practice – so what does this mean for the legal tech providers?

How our portfolio companies are adapting



LITERA

Litera is offering a light version of its Litera Transact product for six months for free to enable the remote management and signing of transactions, allowing lawyers to work from home and reducing any potential COVID-19 exposure.



MITRTECH

Mitrtech has been rolling out new workflows free of charge for TAP Workflow Automation clients, helping clients manage the new world, including self-reporting COVID-19 cases, a remote work tracker, and travel approval requests.



STP

STP is offering several free webinars on best practices to work from home, collaborate with employees and help law firms drive business during the crisis.

Hg investment since 2019

Litera is the leading provider of software for law firms and document-intensive organizations across the globe, helping them satisfy the demands of clients. Litera's core products empower users to draft, proofread, compare, clean, and distribute high-quality content quickly and securely, from any device. And Litera Transact converts the manual, tedious process of managing transactions by creating a secure, collaborative workspace and automating the entire signature process.

Hg investment since 2017

Mitrtech provides Enterprise Legal Management and Compliance software to over 1,000 corporate customers across the US and Europe, including over 40% of the Fortune 500.

Hg partnered with Mitrtech in 2017 to support management's ambitious plans for further international expansion and entry into adjacent product categories, becoming the leading vendor of solutions to the General Counsel and Chief Compliance Officers of the world's largest corporations.

Hg investment since 2016

STP software supports professionals in both insolvency and commercial law sectors in Germany and central Europe and the company has a strong track record in product development, customer service and innovation.

Hg partnered with STP in 2016 and supports the company's growth towards a legal tech champion in Europe.

Lasting impact of legal tech post crisis

Professor Richard Susskind was recently quoted as stating that “technology barriers have been surmounted” in the law industry and the “effect of COVID-19 is an acceleration of the use of technology.” So does COVID-19 present a big opportunity to legal technology businesses?

Law firms and legal process have adapted new norms over the past months, several that are here to stay. For example, remote working will likely be more acceptable going forward as managers see similar productivity levels, or in some cases even increased productivity. Similarly, in a world of e-signatures, online collaboration and remote closings, it seems archaic to go back to physically sending documentation back and forth, now that this more modern method has been successfully adopted.

All of this suggests a higher adoption of tech post COVID-19. However, legal

tech has to be mindful of the situation that presents itself and its responsibility to its customers. The current mandate has to be about supporting existing clients. Budgets will be limited for some time, so customer engagement, frequent interactions, ensuring customers are looked after and protecting your brand, is all crucial. This can take many forms, from free services discussed above, to providing free information and collaboration – bringing customers together to solve current issues and soften the blow of what is happening.

All in all, the current COVID-19 pandemic creates several challenges in the short-term but guides to a new way of working and adopting technology that is here to remain. This creates an opportunity for software vendors and law firms alike, and it is a supportive philosophy of customer support, alongside a solid business model, that will determine the long-term legal tech winners of a ‘post-COVID’ tomorrow.



LITERA TV

During the COVID-19 crisis, Litera is creating new ways to add customer value. A two-hour live stream of content Monday-Friday, 4-6pm BST; Litera TV was launched as a free information service, covering all areas of legal tech....and then some.

Litera have also put on Virtual Conferences for its customers, enabling law firms to collaborate and share knowledge of their handling of the crisis so far.



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About ✖ Hg

Hg is the largest European investor in software and services, focused on backing businesses that change how we all do business. Deep technology expertise, complemented by vertical application specialisation and dedicated operational support, provides a compelling proposition to management teams looking to scale their businesses.

Hg has an investment team of over 140 professionals, plus a portfolio team of more than 30 operators, providing practical support to help our businesses to realise their growth ambitions.

Based in London, Munich and New York, Hg has an aggregate portfolio enterprise value of c. €30 billion and serves some of the world’s leading institutional and private investors.

For further details, please visit hgcapital.com