

RESEARCH SUMMARY

November, 2018

TECHNOLOGY AND INNOVATION IN LEGAL SERVICES

1. About the research

i **The first detailed picture of levels of innovation and use of technology in legal services.** Based on **1,502 telephone interviews** with legal services providers, updating our 2015 study.

The survey captures the attitudes of legal services providers, benefits from innovation and perceptions of the main enablers and barriers to change, including the impact of regulation.

2. Key findings

TECHNOLOGY

The sector makes use of a variety of technologies, but potentially transformative technologies such as Blockchain, Technology Assisted Review and Predictive Analytics are rare.

Alternative Business Structures (ABS) are three times as likely to use technology.

The main reported factors preventing wider take up of technology are the risks involved in using unproven technology, the potential for greater ethical problems and a lack of IT expertise. A third of providers cited legal services regulation as constraining their use of technology.

The primary reported benefits of technology relate to improving the quality of services. Only a third of users said technology had reduced the cost of delivering services.

Providers who mainly serve large business clients or individual fee paying clients are the biggest users of technology.

INNOVATION

Just over a quarter of providers have introduced new or improved services in the past three years. Overall, levels of innovation are unchanged from our 2015 survey and fell on some measures. However, according to BEIS data, innovation for all UK businesses has fallen.

ABS, newer providers and larger providers have higher levels of service innovation.

In 2018, two thirds of providers found regulation to be no constraint at all on new service development, compared to just under half in 2015. Overall, providers feel regulation is either having no effect on innovation, or is enabling innovation rather than preventing it.

The intensity of competition is a significantly stronger influence on service development in 2018 compared to 2015. Availability of technology was cited as the biggest influence on introducing new services, followed by changing or increasing demand for new services.

Nearly twice as many firms feel they have a **culture that supports the development of new ideas** as had put in place practical steps to promote the development of new ideas.

3. Regulatory insights

i **Changes made by regulators** over the past few years appear to have contributed to improvements in the environment that have enabled innovation.

There are a range of initiatives by government, regulators, professional bodies and others to **facilitate greater use of technology and address ethical concerns.** Together, these initiatives should help to boost innovation and use of technology in the coming years.

Further information: <http://research.legalservicesboard.org.uk/>