

Mix and mine information to better understand your clients

Legal services can generate and access increasing amounts of data, but the effect to the end user is marginal compared with industrial output, says **Damian Blackburn**

The industrial revolution and the internet's maturity are two of the biggest developments for the past 200 years. Put them together and radical changes in the way that we use or interact with machinery are possible. For example, certain car manufacturers have programmed their vehicles to tell you when they need a service rather than relying on an annual check. They achieve this by embedding sensors in all the serviceable components of the vehicle, and recording the data that comes back from them.

Pre-emptive information of this sort leads to longer service intervals, and much quicker and cheaper maintenance generally. And it is not just the car industry that uses this.

Air travel is being quietly revolutionised on the back of this technological change, and retail is using ever-increasing numbers of radio-frequency identification (RFID) tags to generate accurate stock, transactional and forecasting information. All this absorption of technology has a profound positive impact on the price and quality of consumer goods.

When it comes to buying services, the same concept of information flow only exists in part, and mostly not at all. And while the legal services profession is able to generate and access increasing amounts of data, the effect to the end user is marginal compared with that of industrial output.

The increase in data available to the profession comes in both internally generated information from the likes of time recording and CRM systems, and externally from social media, data warehouses and financial systems. It's all useful in some way, but it does not look like there is enough connectivity and analysis to make it accessibly useful just yet. In other words, the data does not seem have the same sort of radical impact on the output.



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So how could big data affect law firms? There is the likelihood that both internal and external effects of the ability to knit together vast quantities of data from different sources and analyse it to extract useful information. That information could be on any facet of legal services, for example a measure on relative quality of legal work, or relative value.

Potential opportunities

At present that may be difficult to achieve, but in the next few years, and with advancement in both coding systems for legal work, and pressure from those who buy the services for more detailed information, the possibility of measuring a range of professional service performance aspects becomes much greater.

In some senses this may sound threatening, but the flip side is that the same information is likely to be available to the profession, so it can see its own performance relative to others and learn how to improve or become more competitive. And that is likely to be important as segments of the legal marketplace encounter more price pressure.

Of course, it is not all about measuring law firms' output. Legal entities can think about how they mine their information, and mix it with other available information to understand more about their customers and market conditions. Many firms have CRM systems and can glean some useful information about clients from that, but it tends to be fairly static information.

Mixing CRM output with data from social media sites, or from data services can provide much more information, and properly analysed, start to provide law firms with a much better understanding of their current or potential clients. **SJ**

BIG CHANGES: THE INDUSTRIAL INTERNET

- Industry and internet technology are combining
- Maintenance for machinery is revolutionised as a result
- Data is the key driver for this revolution
- Data is being generated by law firms at exponentially increasing rates and other data is available that can be tied to firm's data
- Law firms now have opportunities to learn more about their markets and their own performance



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