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Despite Benefits of Automation, Budget and Time Constraints Still Hinder In-house Tech Adoption

Slow budget growth and lack of time mean many legal technologies are out of reach for a significant amount of in-house counsel.

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While automation technologies are altering the workflow of some in-house counsel, legal departments by in large are hindered by budget and operational challenges in adopting new technology.

Despite movement towards embracing tech, a significant amount of in-house counsel still manage their tasks using manual, more traditional tools. Exterro Inc.'s " 2016 In-house Legal Benchmarking Report ," a survey of 76 in-house counsel professionals, for example, found that though 44 percent of respondents used matter management software and 24 percent use legal project management software, around half still managed projects using spreadsheets (48 percent) or emails (56 percent).

That isn't to say that in-house counsel aren't looking to shed their manual operations in lieu of more efficient and automated workflows. The survey also found that almost a third (31 percent) of respondents will evaluate or deploy legal project management software over the next two years.

And that just may be the tip of the iceberg. The 2016 " Looking Glass Report ," compiled by law firm Eversheds and the market researcher Winmark Ltd., surveyed 200 U.K. and U.S. in-house attorneys and found that a majority (68 percent) prioritize technology use to increase departmental efficiency. Almost all (87 percent) said technology can improve their department's data storage and retrieval, while around 60 percent said it would better automate routine tasks and manage workflows.

In the report, Lee Ranson, managing partner at Eversheds, noted that while the push towards greater efficiency is not a new phenomenon, "What has changed is that digital technologies are now a very important part of a broader package general counsel need to support them."

Olga Mack, general counsel at ClearSlide Inc., noted that legal departments may be "very much at the beginning of that automation."

"I think it's only very recently that machine learning and various software-related solutions have become compelling," she said.

Yet for many in-house counsel, such technology remains out of reach. The Looking Glass Report also found that over half (56 percent) did not have the time to adopt and deploy new legal technology, while 60 percent were unable to do so due to challenges integrating such technology with their existing systems. And almost two-thirds (64 percent) cited difficultly in securing budget for technology.

Other figures indicate that budgets for such technology have not decreased in 2016. HBR Consulting's 13th annual law department survey , which compiled responses from 275 in-house professionals in 10 different countries, noted a two-percent increase in legal department technology spending, primarily on document and contract management platforms and legal spend analytics.

Part of the reason behind this slow budget growth, Mack noted, is that "giving more money to legal is not the most popular proposition in most companies." She added that because many corporations also do not solely account for legal's needs, the "adoption of AI and more sophisticated legal solutions will only be partially driven by legal departments. I think they will be primarily driven by business, because legal is increasingly not just an island that is a little different, it is increasingly part of business strategy."