News release

Report shows small firms keen to adopt technology but barriers still exist

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We have <u>published research [https://indemnity.sra.org.uk/sra/research-publications/sole-practitioners-small-firms-technology-innovation/]</u> looking at sole practitioners and small firms when using new technology and promoting innovation.

It found that while firms were keen to embrace new technology, they still faced barriers to adoption. These included concerns about cost, finding products to meet their needs, and the risk of investing in technology that wasn't futureproof. While 82% agreed that technology would help their part of the sector provide better value to consumers, only 4% felt that there were no barriers to adopting it.

More than half of respondents said it was difficult finding the right technology to meet needs, with some describing either a 'wild west' of options to choose from or finding nothing that suited their business at all. A fifth wanted greater transparency of pricing models to support future adoption.

The research was carried out by Thinks Insight & Strategy on our behalf and involved interviews, workshops and surveys with around 150 solicitors and eight interviews with technology providers. It looked at how smaller firms and practitioners were using, implementing and integrating technology into their businesses, and any challenges preventing them from embracing innovation.

Law firms who deliver services to individual consumers found supporting them with using technology more difficult (49%) than those firms working with business clients (37%). And legal professionals with a vulnerable or hard-to-reach consumer base found it difficult to support them using technology. More support from tech providers to support these types of consumers would be welcomed, according to respondents.

Results showed that many firms knew about common technologies, such as accounting and case management software (at 99% awareness of each). The research also affirms that artificial intelligence (AI) is a newer trend for sole practitioners and small firms, reflected in moderate adoption rates (14%). Firms were keen to engage with AI, but needed more information to embrace it safely.

Many concerns from small-sized firms related to whether products would stand the test of time, with 72% of those surveyed concerned about



investing in technology that became outdated and was not futureproof.

Paul Philip, SRA Chief Executive, said: 'The use of technology in legal services is advancing at pace and there is a risk that smaller firms, who may not have the resources, might get left behind. This research shows that sole practitioners and small firms want to embrace new technology and value the opportunities and efficiencies it can bring.

'The report provides valuable insights for law firms, technology providers and the wider sector to address barriers to adoption and support smaller firms. The government's Plan for Change outlines how greater use of Al and technology in legal services will spur economic growth. As smallsized firms are a gateway to legal services for consumers, unlocking their ability to engage with innovation is key.'

We have a <u>strategic priority [https://indemnity.sra.org.uk/sra/corporate-strategy/]</u> to support innovation and technology that improves the delivery of legal services and access to them. An important part of delivering on this is supporting small firms to adopt appropriate technological solutions. Most law firms we regulate are small in size, and they are essential in providing the public with access to legal services, particularly those in local communities outside of English and Welsh cities.

Our <u>Innovate programme [https://indemnity.sra.org.uk/innovate]</u> provides events and resources that support legal professionals to make confident and informed decisions about technology.

Other findings include:

- Almost two thirds (64%) believed technology will support improved access to justice.
- A majority (82%) agreed that technology and innovation would help the sector provide better value to clients.
- Sole practitioners and small firms (24%) reported they would need access to training to support future adoption.