Highlights from the 2022 Legal Trends Report

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Since 2016, legal professionals have relied on Clio's annual *Legal Trends Report* for an objective, comprehensive analysis of legal industry trends. As the legal industry's most in-depth examination into the state of the legal practice, the *2022 Legal Trends Report* brings together critical insights about how law firms have adapted their services to meet the challenging circumstances of the past three years. In addition, this comprehensive report sheds light on the forces set to shape these services in the future. Law firms can use the *2022 Legal Trends Report* to learn how to thrive in this new legal environment of rapidly shifting consumer expectations.

Introduction to the Legal Trends Report

Now in its seventh year, the *2022 Legal Trends Report*includes aggregated and anonymized data from tens of thousands of legal professionals in the United States (U.S.) and survey responses from legal professionals and general consumers on what they deem most important today. This data provides essential insights into how legal professionals use technology, as well as technology's impact on firm performance.

This analysis builds on our findings from the *2021 Legal Trends Report*, which recommends adapting to changing consumer expectations (including the desire for more flexible legal services and remote services) as a critical consideration for law firm success.

The *2022 Legal Trends Report* explores how lawyers are adapting to the spread of remote work, how legal professional work is fundamentally changing, and what this means for lawyers' well-being. With this data, legal professionals can chart a flexible and balanced course.

This blog post will cover key points from the *2022 Legal Trends Report*. We'll also highlight steps firms can take now to prepare for what may be a challenging year ahead.

How business has changed for law firms since 2019

We know the legal industry has grown since the pandemic—but by how much?

To better understand trends in market demand for legal services, we used aggregated and anonymized Clio data to look at how casework has increased since early 2021, using 2019 data as a baseline for comparison.

The *2022 Legal Trends Report* finds that demand for legal assistance has grown throughout the pandemic. Since March 2021, lawyers have been opening new files at a rate averaging 10% higher than the 2019 baseline. In March 2022, these numbers spiked to 24%. Not only that, but the amount collected by lawyers has increased to a whopping 45% compared to 2019. The legal industry has not only recovered from the pandemic—it's actually grown.

A "gold rush" for legal services

We are in an unprecedented era of plenty for legal professionals. Despite the significant increase in demand for legal services, however, time will tell whether the current "gold rush" is sustainable. With inflation and predictions of recession on the horizon, lawyers will need to prepare for the possibility of a "bust and boom" cycle.

Who is winning the new work era?

So, who will succeed in these uncertain times?

For many firms, success begins from within. Our results show that many legal professionals are looking for new jobs or have recently left firms. Nineteen percent of lawyers reported leaving a job in the last year and nearly 10% of lawyers plan to leave their job in the next six months. The primary reasons identified for making a switch included better pay, work-life balance, and job dissatisfaction. While the so-called "Great Resignation" has impacted businesses across the board, our research suggests that the legal industry may have experienced its own resignation push earlier than others.

Furthermore, while more lawyers are working remotely (or working between home and the office) and embracing newfound flexibility, this shift comes with challenges. On a deeper level, this shift signals potential friction between lawyers and their firms with respect to the ideal balance between office and in-home work, which could have implications for attracting and retaining legal talent in a hot employment market.

Between increased demand for legal services, looming inflation and recession, and record resignations, we are in an uncertain era. What we do know is that the winners in this arena will be firms who embrace the spirit of "antifragility" by developing new skills that make them more capable and resilient to the shocks of today while preparing them for the potential stressors of tomorrow. A key component of antifragility, we discovered, was embracing cloud-based legal practice management software (LPM).

Cloud-based lawyers run better law firms

Embracing cloud-based LPM software has a demonstrable effect on client satisfaction, lawyer satisfaction, and firm performance. While these effects aren't necessarily surprising, the data reinforces the need for law firms to invest in legal technology to not only run better firms but to increase satisfaction amongst clients and colleagues.

Some of our key findings include that lawyers using cloud-based LPM software were:

- 60% more likely to have positive relationships with their clients
- 44% more likely to have positive relationships with their colleagues
- 29% more likely to be happy with their professional life
- 11% more likely to have strong revenue streams

More importantly, cloud-based LPM software offers law firms—and their clients—flexibility. We found that cloud-based LPM users are more likely to want to work throughout the day rather than on a traditional 9-to-5 schedule. Having the option to stay in touch with colleagues and clients remotely helps lawyers work with their schedules—not against them—and offers a better work-life balance by letting them work when they want to, while staying connected.

Further insights discovered in the 2022 Legal Trends Report

In addition to our key findings in the *2022 Legal Trends Report*, we've uncovered a number of additional insights that will help law firms address the challenges of today and thrive in the future.

Planning for the "new normal"

Understanding trends is paramount to running a successful practice. We have gathered comprehensive information for firms to consider when planning for the "new normal," including the following:

- A state-by-state breakdown of hourly billing rates by practice area.
- A state-by-state breakdown of utilization rates and further breakdown of realization and collection rates by practice area.
- A description of four innovative approaches to modern office spaces.
- A breakdown of client communication and payment preferences.

Ensuring your rates are competitive

With inflation at a 40-year high and speculation regarding an impending recession, and as the "boom-bust" cycle of demand for legal services shifts, firms need to prepare for a challenging year ahead. Start your preparation early by assessing your hourly rate against other law firms in the United States with our Legal Rates Calculator to consider whether you're charging a competitive rate. Make sure you also review our recent guide on Lawyers and Inflation for more information on the impact of inflation and what you can do to prepare.

Lawyers can handle increased demand

Regardless of what the future holds, what's clear is that lawyers can handle increased demand for legal services—particularly with the assistance of cloud-based LPM software. In addition to the many other benefits to work and life that come with using cloud-based LPM software, this technology can help lawyers take on more clients by automating administrative work that would otherwise take them away from the practice of law. What's more, adopting technology and a forward-thinking mindset will help law firms become antifragile and thrive in the future—whatever it may hold for them.

Ready to dive in? Download the 2022 *Legal Trends Report* for free.

Where does the data come from?

The *Legal Trends Report* uses a range of methodological approaches and data sources to deliver the best insights about the state of legal practice and strategies for future improvement.

Clio app data

We've analyzed aggregated and anonymized data from tens of thousands of legal professionals in the U.S. This data provides important insights into how legal professionals use technology and the impact it has on firm performance.

(Note: Clio only records and reports on application usage. We do not record or report on any details relating to cases and do not identify individual law firms.)

Legal professional and consumer surveys

For the *2022 Legal Trends Report*, we surveyed 1,134 legal professionals, 458 professionals from other industries, and 1,168 consumers in April and May 2022. The consumers included in this survey represent the U.S. population by age, gender, region, income, and race/ethnicity based on the most recent U.S. census statistics. This data offers insights into how legal professionals can become more aligned with consumer preferences in 2022 and beyond.

Longitudinal Analysis

The *2022 Legal Trends Report* includes a multi-year study of over 1,600 law firms grouped into three cohorts:

- Growing: Law firms that grew their revenue by 20% or more over five years.
- Stable: Law firms with revenue that didn't change by more than 20% over five years.
- Shrinking: Law firms that saw their revenue decline by more than 20% over five years.

This study helped us identify the factors that support sustained revenue growth and define best practices for other law firms.

Looking for more insights? Check out the Legal Trends for Mid-Sized Firms report, for trends specific to mid-sized firms.

About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio's AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.