

THE BUSINESS INTELLIGENCE ECOSYSTEM - FINANCIAL METRICS AND BEYOND

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Teaser: Law firms need to look at more than financial metrics to understand their business and opportunities for strategic growth.

BUSINESS INTELLIGENCE TODAY

Most law firms provide some level of business intelligence and management information to their fee earners and management teams, yet recent studies have shown that the majority still perceive this information to be flawed, limited and cumbersome to obtain. Why is this?

It would be easy to blame the existing report systems but new reporting technologies would still face the same challenges. Business intelligence is not just about visualisation and reporting of key business metrics but the implementation of an effective BI Ecosystem. A BI ecosystem sounds very grandiose and expensive but it is not – it is primarily about understanding the needs of your business, specifically;

- What type of information different individuals will derive benefit from;
- What information you have or have access to;
- The volume, variety, veracity and velocity of the firm's business information requirements;
- The realisation that the only constant in a law firm is change.

Fundamentally, a BI Ecosystem is less about technology but more about awareness and flexibility.

WHAT IS A BI ECOSYSTEM?

In essence there are three tiers or layers to any BI ecosystem. Bottom up they are the Sources/Input Layer, the Aggregation/Transformation Layer (traditionally known as The "ETL Layer") and the Visualisation/Reporting Layer. Whilst these are well known it is important that these layers are symbiotic and the approach a law firm takes to each layer will have a significant impact on the options and flexibility that the resultant BI Ecosystem will provide. Frequently BI projects focus in the Visualisation/Reporting aspects but place less emphasis on the layers that underpin this. All layers need equal focus to deliver a successful BI Ecosystem in today's law firm environment.

Information Sources

Normally the primary focus of any law firm BI initiative is to leverage the financial data in the PMS. This is only one element of a law firm's business information potential. There is a wealth of key business data held within other key business systems, such as Marketing, BPM, Knowledge Management, etc. that is frequently left untapped. A good example of where the inclusion of these sources of data would be invaluable is in the area of new business development and client account management.

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In addition to knowing about a client's current financial status, knowledge on the quality and quantity of client interactions to date, the intercompany relationships that exist and the organisational expertise that may differentiate the firm from the competition could be the difference in the firm winning new business and, equally importantly, retaining existing key clients that may have been lost otherwise.

Aggregation

Leveraging data from a wide number of disparate repositories creates in itself a number of decisions regarding the effective and coherent aggregation of these data sets. The two key challenges facing law firms is that this aggregated data needs to be accurate and also the approach used is flexible enough to respond quickly to the ever changing needs of a law firm.

Traditional data warehouse systems have struggled to keep up with these business demands and BI teams are now looking to established approaches in other verticals, such as master data management technologies, to harvest, manage, optimise, augment and aggregate key law firm data sources in order to avoid the need to constantly redefine and update their data warehouse environment and in turn reduce downtime and significant maintenance costs.

Once a law firm has made the decision to aggregate data from multiple repositories the need for a flexible data management architecture is paramount in any BI project and ecosystem.

Visualisation/Reporting

Whilst the majority of BI projects are let down by poor data quality and architectural flexibility, good data visualisation is still essential to any BI Ecosystem. The sole objective of the Visualisation/Reporting layer is to provide the relevant recipient with the right information in a timely fashion to change their behaviour to the benefit of the firm – a point that is sometimes missed in the initial project scope.

This could be identifying the operational opportunity to transfer work to a cheaper internal resource, flagging the under-utilisation of a team or specific fee earner or identifying client upsell or cross sell opportunities.

Sometimes data visualisation is seen more of an art than a science as individuals react differently to the same data presented in different formats. For example many law firm managers flagged the lack of behavioural change to tabulated numerical only to find that a traffic light system on a fee earner's dashboard highlighting missed KPIs in red radically improves behavioural change.

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THE NEXT GENERATION

Law firms have started to realise that effective Business Intelligence is not just about financial performance but also a better understanding of Marketing and Operational business information attributes. That said, in the main, law firms are still focussed on what is seen as traditional business intelligence. Other industries, particularly Finance and FMCG, are now looking at new areas such as Contextual and Artificial Intelligence opportunities, unstructured, external and Big Data sources to aid their BI Ecosystem. Aggregating new data types into traditional models creates the opportunity for more detailed and autonomous trend analysis, earlier recognition of potential opportunities and threats and the ability for the law firm to make strategic decisions underpinned by robust and triangulated business intelligence.

In summary, Business Intelligence in the legal industry is currently experiencing a fundamental shift in requirements, expectations and needs. Law firms need to maximise the potential of business intelligence to deliver business change, maximise opportunities and mitigate potential threats. Inwardly looking at financial metrics is no longer sufficient and firms need to embrace their financial data alongside holistic marketing and operational data and furthermore embrace new information in a heuristic manner to aid their overall strategic decisions.

Whilst potentially daunting, within the industry there is a significantly better understanding today of how to deliver next generation BI environments and the need to constant/incremental change.

These are exciting times...

FIRM BIO

Based in London, DW Reporting is an independent finance systems, business intelligence and reporting consultancy that specialises in practice management and reporting/management information solutions within the UK and international legal sector. With backgrounds working for international law firms such as Hogan Lovells, Mayer Brown, RPC, Simmons & Simmons, Olswangs and BLP, our team of consultants are able to provide a unique blend of agnostic system and legal market expertise in a single service. Our extensive knowledge of the legal financial and management information landscape, ensures that we are able to advise, guide, assist and enable law firm teams in the successful delivery of business change and growth within increasingly complex business environments.

We are #drivenbydata – identification, integration, transformation, management and visualisation.

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