

The Impact of COVID-19 on How Law Firms do Business When it is Just a Memory



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Klaus Schwab, the founder of the World Economic Forum, wrote an article in December 2015 that identified that the fourth industrial revolution would result in a fusion of technology that would blur the lines between physical, digital and biological spheres.¹

Law firms have never rushed into anything. So many are still working their way through the third industrial revolution that used electronics and technology to automate production.

Sadly, the Covid-19 pandemic has propelled many firms into the fourth industrial revolution, a transition for which many are not prepared. In particular, the areas in which firms consistently are ill-prepared include:

- Cloud computing
- Cybersecurity - office, and home
- Video conferencing - cameras, screen resolution, the capacity of video cards
- Power of home computers
- VPNs

The initial starting point for firms will be that COVID-19 is a blip on the radar (albeit a painful one both socially and financially), and once it is under control, things will return to the way they were. The basis for disagreement with such thinking includes the following points:

1. The increase in debt taken on by businesses of all sizes during this pandemic will require firms to focus on alternative structures and compliment costs to generate the basic incomes to support the debt. Smaller physical capacity will lead to more telecommuting which in turn will create alternative relationships between firms and their people;
2. Clients were already becoming increasingly comfortable with dealing with their professional services providers electronically, and the capacity that all law firms are telling their clients they possess to do so will only increase that comfort and given efficiency of such dealings from the clients' perspective become their preferred means of dealing with firms;
3. The courts will have to react to the likely backlog that will be created by the virus as well as the in-person filing of documents, electronic signatures, etc. Video conferencing including participants from home will be a viable means of processing non-criminal court hearings; and
4. The forced exposure to cloud computing has and will open many firms' eyes to its benefits, including the ease of transition from office to home computing, heightened cybersecurity, reduced equipment needs (mainly servers), an independent third party updating of applications, reduced office space requirements, reduced disbursements to clients (travel, accommodations), etc.

Pre COVID-19, the cost of travel and accommodations has been escalating, negatively impacting the value of in-person meetings. These costs will only continue to increase in a post-COVID-19 period in an apparent attempt to recapture lost profits.

I would be remiss if I did not send kudos to the hotel industry and the way they have conducted business during

this challenging time. I had to cancel reservations with four different hotel chains as a result of the virus (The Alt, Ritz Carlton, The Walper, and Omni), and all of them made it easy and straightforward. Unfortunately, this was not the case with the airlines Air Canada and Delta.

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To both shore up their current telecomputing arrangements and be positioned to deal effectively with increased demand in the future, law firms should consider the following steps:

- Retain a technology consultant well versed in telecommuting technology;
- Have the consultant conduct an audit of both the firm's current hardware and software;
- Have the consultant meet with a representative group of your lawyers to understand the type of applications they need to support their practice and gain an appreciation/understanding of their concerns/issues;
- Have them present a plan which identifies where the firm needs to get to and the transition plan, timeline, and cost to get them there. This plan should not only deal with hardware and software but also the location of site hosting the cloud, the bandwidth of the internet into office, type of home internet connection and hardware profile for home computers;
- Develop cybersecurity procedures and processes for both office and home and purchase the appropriate product for both; and
- Begin the upgrade of both office and home VPNs, hardware.

The cost of a hack of home transmitted documents is sufficiently high that firms are better off making sure that their lawyers have the proper hardware and cybersecurity to reduce the chances of this happening. Firms should not only provide computers for the lawyers to work on from home but as part of the security procedures require that no one else has access to it.

In addition to having a positive client relationship impact, firms should work with clients to test their systems to make sure the connectivity exists when it is not a do or die situation. At the same time, this offers the firms an opportunity to address with the client the services they can provide remotely.

As Cali Williams Yost, CEO and Founder of Flex+Strategy Group and Work+Life Fit, pointed out, *"... allowing employees to work remotely is a core business strategy today."*

1. Foreign Affairs, March / April 2020 Edition, [The Fourth Industrial Revolution: what it means, how to respond](#), Klaus Schwab

Stephen Mabey is a CPA, CA and the Managing Director of Applied Strategies, Inc. Stephen's focus is on law firms in general and on small to medium size law firms in particular. He has written about and advised on, a wide range of issues including - leadership, business development, marketing, key performance indicators, strategic planning, mergers, practice acquisitions, competitive intelligence, finance, mergers, practice transitioning, compensation, organizational structures, succession and transition planning, partnership arrangements and firm retreats. In 2013, Stephen was inducted as a Fellow of the College of Law Practice Management in recognition of his sustained commitment to the highest standards of professionalism in law practice management. For more information, visit appliedstrategies.ca or connect with [Stephen Mabey on LinkedIn](#).

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