

**2021 year in review:**

# **Key Metrics for Small Law Success**





# Introduction

**This third for Smokeball Australia represented an exceptionally strong start to the new financial year.**

The company has launched a new platform partnership, **TriConvey**, which sees Conveyancing clients now exclusively supported by TriSearch, allowing Smokeball to focus on creating highly specialised legal practice management software for small law firms.

The Australian team doubled in size during the third with strategic hires made in Sales, Marketing, Client Experience, Client Success, and Product. These great people helped to deliver above target results of \$6.1M in ARR, an increase of 71.5% YOY.

The Smokeball team have continued to deliver an exceptional client experience despite spending the majority of the third in lockdown, launching a new Client

Success tool to improve client experience and retention, and hosting the virtual Smokeball Summit, which had more than 1000 sessions attended.

In October, Smokeball completed the acquisition of the Australian based software business - **FamilyProperty**. FamilyProperty aims to minimise the administrative burden of family law financial separations, allowing everyone involved in the process to work towards a better outcome together.

The partnership with Smokeball Legal Practice Management Software is a strong example of the platform's potential to improve access to legal assistance for vulnerable Australians, simplify processes for legal teams and transform the way property settlements are handled in the future.



# Global Revenue



**This year at a glance:**

**\$20.29M**

Global Annual Recurring Revenue ARR of (AUD).

**38.08%**

Revenue growth year-on-year (45% growth in constant currency).

**11,400**

paying users globally.

Smokeball has a clear focus on organic growth. Smokeball continues to build its teams in both the US and Australia, with the Sales & Marketing teams effectively doubling in headcount over the last six months.

While it takes time for new people to ramp, the company is seeing extremely promising early signs with the US team hitting, for the first time, 100 demos booked in a week in early November and then backing this up with with over 100 again the following week.

The Sales team are working on getting high quality hires in the door and then ramping these hires as quickly as possible, together with building a career path to ensure the team stays motivated and sees a bright future with Smokeball.

Smokeball has been investing more than ever in Marketing, investing in both digital marketing to ensure firms shopping for legal practice management software today find Smokeball, and in brand through Bar Association partnerships, events, and thought leadership, to cement the Smokeball name in the minds of lawyers for the future.



# Private Funding

In September 2021, Smokeball completed their largest-ever fundraising of AUD \$40M at a valuation of AUD \$205M. The investment raised from current shareholders will enable Smokeball to relentlessly chase a target of 50% year-on-year revenue growth.

Smokeball will use the funds to fast-track the expansion of our 200+ person team and the advancement of our cloud-based legal practice management software to help small- and medium-sized law firms manage and grow their business in Australia and the US.

**“Our mission is to help lawyers grow the value of their business, which is the basis for everything we do. By securing private funding we can continue this mission with clients as our primary focus rather than delivering a short-term return to investors. With the support of private investors, we can focus on solutions that benefit our clients for decades to come.”**



**Hunter Steele**, CEO, Smokeball



**Biggest fundraising in the Australian legal tech industry, but what does this mean for you?**

**More Technology** – We will innovate and integrate powerful new legal software features to help small law firms run a more successful practice.

**More Support** – Growing our Helpdesk Support & Onboarding Team will help new law firms seamlessly transition and start using Smokeball with confidence. More Account Managers & Client Success Managers will help us to deliver ‘Client for Life Experiences’.

**More Innovation** – The legal tech industry is constantly changing. Smokeball strives to deliver development and acquisition that brings value to small law firms.





## COVID-19 Impact

From the 2021 Smokeball Small Law Firm Survey, research shows positive growth for many Australian small law firms.



**82%**

Responded that their firm revenue had increased by more than 15% during the past 12 months.



**93%**

Growth in small law firm revenue paid through the Smokeball Billing system between September 2020 & September 2021. This is across fixed fee and time billed practice.



**44%**

Global growth in Smokeball user intake.





With an additional 78 new Smokeballers hired across the US and Australia, this brings the global headcount to 219, up from 141 at the end of June 2021.

**“It’s incredible to see so many new firms embracing technology and transitioning over to our powerful software. It’s also great to witness growth within our own company, with additional talented people joining the Smokeball team in the last 12 months.”**



**Bianca Bowron-Cuthill**  
General Manager, Smokeball



**219 staff across  
Australia & the US**



# Acquisition

Announced in October 2021, Smokeball has streamlined its end-to-end experience for family law professionals with the acquisition of the industry-leading platform **FamilyProperty**, an innovative product that empowers families to resolve parenting and financial issues more efficiently, amicably, and cost-effectively.

**“We are delighted to join Smokeball and work with another trailblazer in the Australian practice management space. This is the right time to accelerate our innovation and expand the reach of FamilyProperty to make it the 'must have' platform for the family law profession.”**



**Fiona Kirkman**, CEO, FamilyProperty

**LawSwitch:** Delivers everyday automation for law firms, from intakes to document drafting, meeting scheduling to enquiry handling.



## AutoTime Descriptions On-Demand

Smokeball released an important innovation to the AutoTime strategy centred around invoice generation and the “getting paid” process. Descriptions On-Demand is aimed at saving law firm’s valuable time by automating the burdensome and time-consuming task of entering detailed time entries for itemised invoices.

**“We will continue to work with more clients, gather usage data, and help them to understand how this feature can save them valuable time by not spending hours a week perfecting time entries.”**



**Adele Hoyle**  
Chief Product Officer,  
Smokeball

# Product & Innovation

Over the next 6-12 months, Smokeball will be working on some key releases with great benefits, including:



Mobile and iPad app advancements.



Intake and smart form creation and integration.



Dashboard functionality for quick access to important information.



‘Getting paid’ functionality to simplify time recording, billing, and payments.

As well as an advanced client portal to efficiently connect law firm clients with their matter, so they can stay in the loop as it progresses.



# Smokeball Partner Program

**Smokeball will introduce a new three-tier Partner Program. The purpose of the program is to offer integrations that strengthen the Smokeball product and provide extra value to small law firm clients.**

The three tiers of the program are:

## 1. Platform Partners

A white label version of Smokeball is made available to approved partners to sell into a specific market or legal vertical under a revenue share arrangement. Sales, support, and training for clients are provided entirely by our partners in this tier.

Smokeball has partnered with **TriSearch** and **InfoTrack** to launch **TriConvey**. TriConvey is the white label version of Smokeball being sold by TriSearch as a high value, low-cost, all-in-one software and searching solution for Licensed Conveyancers.

Smokeball has also partnered with **PracticeEvolve**, a practice management software for mid-tier firms, to launch **EvolveGo**. EvolveGo is a white label version of Smokeball that fully integrates with PracticeEvolve's new cloud-based accounting software for mid-tier law firms. PracticeEvolve will sell EvolveGo into the mid-tier law firm market where law firms require accrual accounting.

## 2. Strategic Partners

An approved strategic partner will collaborate with Smokeball's Development team to deliver a best-in-market embedded solution for clients that will operate under a revenue share arrangement.

An example of this strategy is the Smokeball 'Marketplace for Precedents' that will allow Smokeball clients access to important legally drafted precedents from several approved partners, billed by Smokeball as an additional subscription.

Precedents Online is the first partner to publish their precedents in the new Marketplace.

## 3. API Partners

Approved API partners will receive access to Smokeball's API to create an integration with the system without requiring dedicated Smokeball development support.

Two partners to offer their solutions to Smokeball clients via the API in the last third were;

- **Settify** - a Family Law lead intake solution for the Australian and US markets.
- **Yocierge** - a medical records retrieval provider in the US.



# Key Metrics to Managing Small Law Success

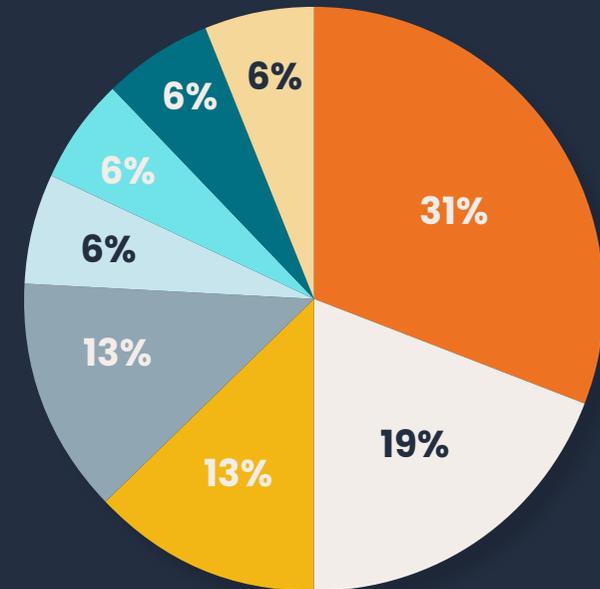
## Common Metrics Tracked

Firstly, it's no surprise small firm owners want to measure new matters and break them down into areas. By using the Smokeball's Firm Insight feature, firm owners can see seasonality and uplift, including when changes happen in the business.

Whether it be around increased marketing activity to productivity drives. Law firm owners can then ask themselves: How does our performance compare to this time last month or year?

Overtime law firm owners will see which clients and practice areas are the most profitable. Learn what specific practice areas or clients the firm needs to focus on, and make educated business decisions.

New Matters by Referral Source (30 days)



<b>31%</b>	Web	<b>6%</b>	Staff Member
<b>19%</b>	Previous Client	<b>6%</b>	Word of Mouth
<b>13%</b>	Existing Client	<b>6%</b>	Friend
<b>13%</b>	Meetings & client conferences	<b>6%</b>	Other

*By Source, Referrer, Fee Earner, Matter Type, Year-on-Year comparison.*





Secondly, fees billed for both time-based billing and fixed fee small firms. How many hours on average are you billing this month (a week or in a day), and is it a good number? By looking at these trends, you will know who is working well and what clients and matter types are bringing in the most money.

### Sample Fee Insights

		<b>\$54.7k</b>	<b>8</b>	<b>149.3</b>		<b>114</b>	
		Fees Created	Fees Earners	Hours		Matters	
	Full Name	Hours Billed	Avg. Rate	Avg. Hours /Day	Hourly Fees Billed	Fixed Fees Billed	Total Billed
<b>1</b>	Name 1	8.4	\$250.00	2.1	\$2,100.00	\$0.00	\$2,100.00
<b>2</b>	Name 2	29.6	\$349.42	4.23	\$10,345.00	\$0.00	\$10,345.00



# 3 Non-traditional Ways

## 1. Matter Profitability

The unit economics of small law:

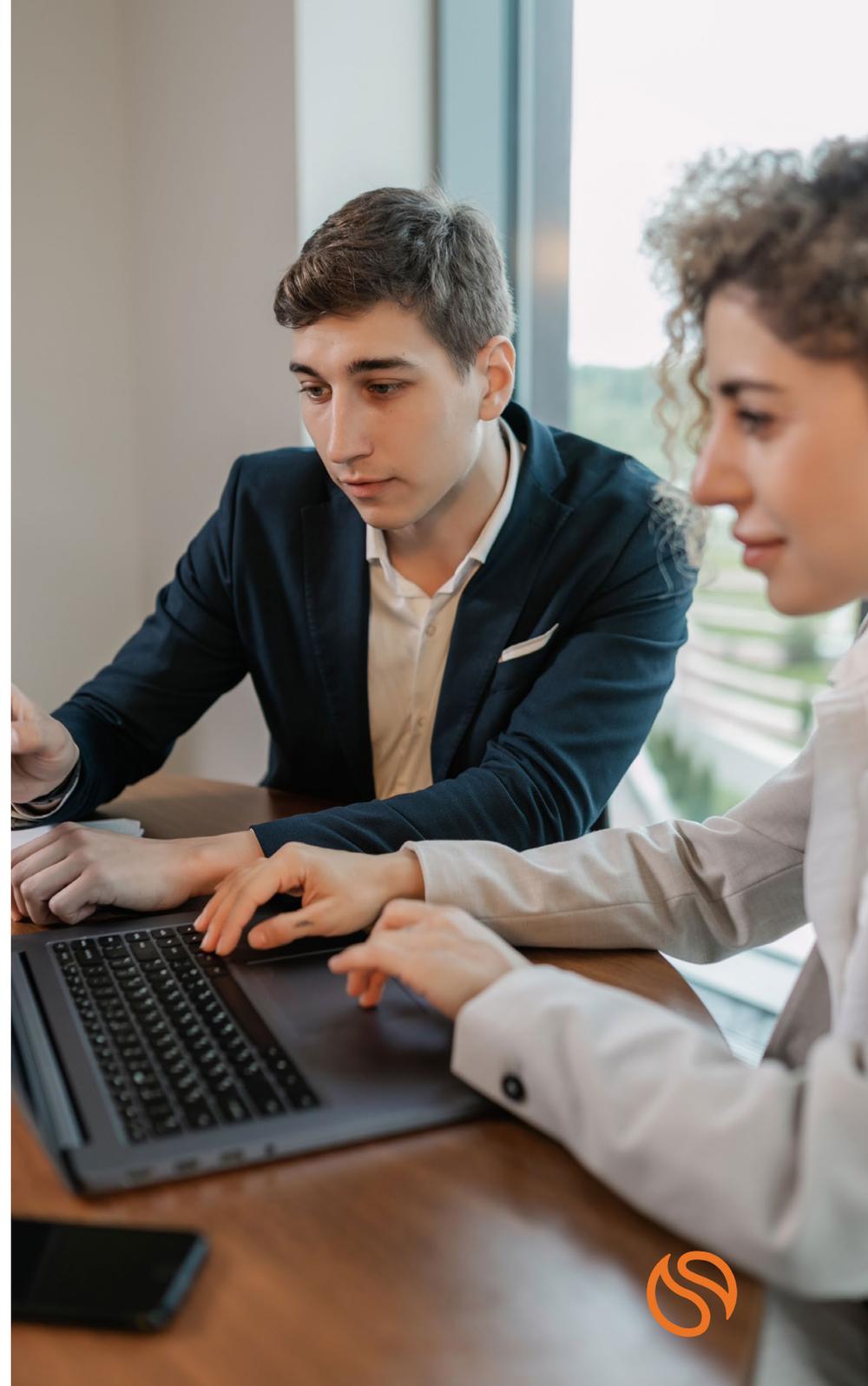
**Product Sale Price** – **Unit Cost** = *Profit per Product*

The unit economics within a law firm is very important, but not something lawyers often track. Why? The cost base in a small law firm is its people and the hours in the day.

Larger law firms try lawyer timesheets but often fail to deliver accurate results. This is due to them not factoring in all law firm staff and only including the fee earner completing the work on the matter. As well as marking timesheets up or down.

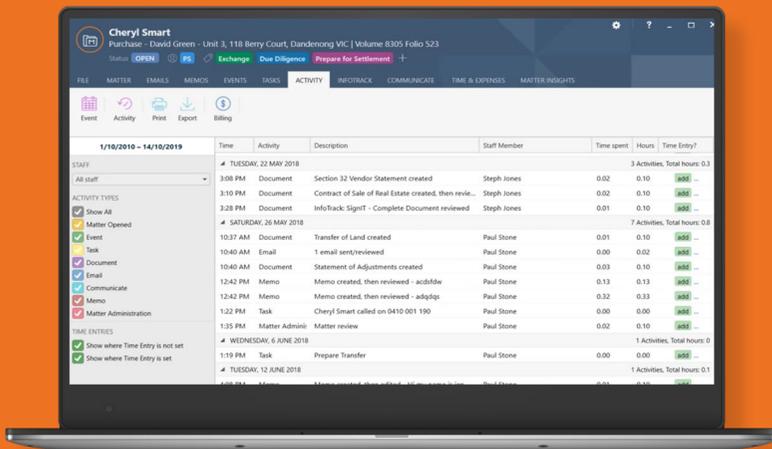
What if you could work it out and get an accurate picture of the costs to produce each matter. Would it be useful? By focusing on areas that are working well vs improvement areas, make data-driven decisions that boost profitability on both a matter and firm level.

Smokeball records every activity you perform, down to the minute, giving you automatic timesheets for every person, every matter, every day.

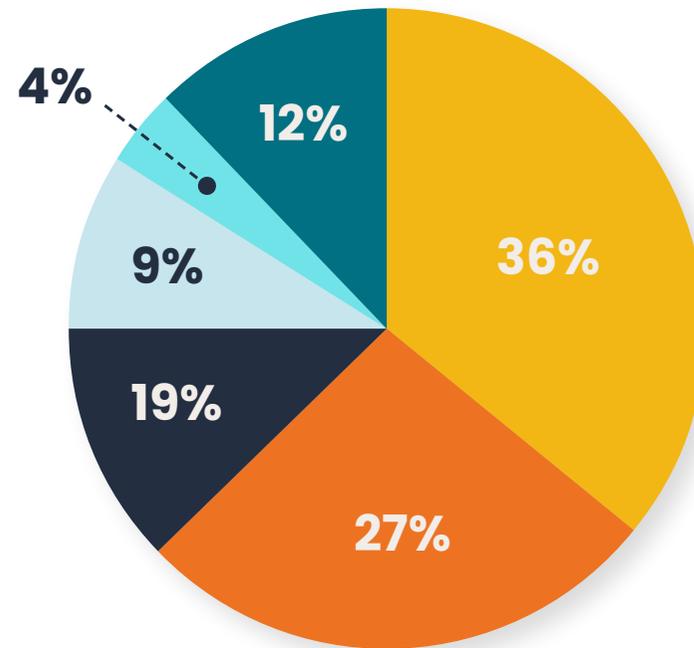


Based on Smokeball user research over five years, a combined total of 63% of work is being done on Outlook emails and Word documents, 12% on court attendances, 9% on meetings & client conferences, 4% on phone calls, and 12% on other items.

Example of a matter in Smokeball, where all activities are being tracked and the time spent on each type.



## Where are lawyers spending their time?



- 36%** Emails
- 27%** Documentation review & creation
- 19%** Court attendees
- 9%** Meetings & client conferences
- 4%** Phone Calls
- 12%** Other



## 2. Hours Billed

Time-Based and Fixed Fee small law firms fee earners bill an average of 2.1hrs\* per day.

Why is this happening? The top 3 reasons include:



It is too hard to time record as the landscape of billable works has changed.

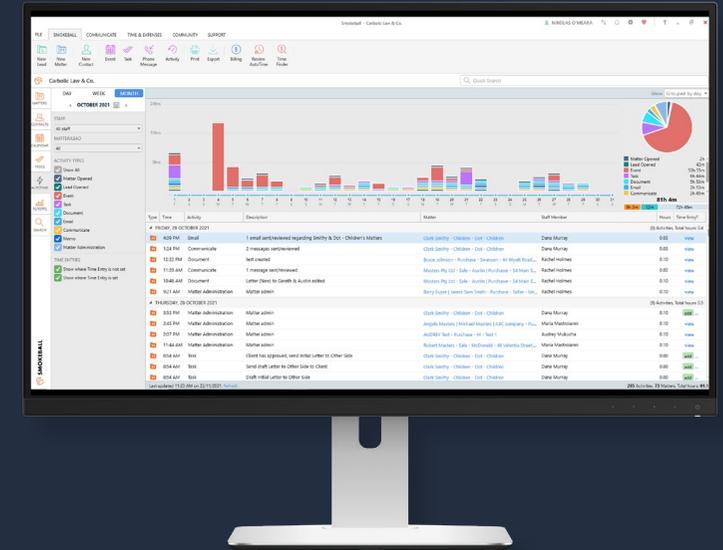


It is challenging to monitor both time-based and fixed fee billing on the same matter.



Fee earning staff (often junior lawyers) regularly under-bill as they feel like they complete their work too slowly, so they mark down the time, or worse, it is not being recorded.

\*Smokeball billing hygiene survey 2021



Through Smokeball research, 75% of fee earners that use Smokeball and the AutoTime functionality bill 4hrs or more a day.

Only 19% of clients who don't use AutoTime are billing more than 4hrs per day.





### 3. Client Happiness

Happy clients are your biggest lead generator. A Net Promoter Score (NPS) is a metric commonly used to rate customer satisfaction.

**On a scale of 0-10, how likely are you to recommend my service to a friend or colleague?**



Based on the answer, NPS survey respondents are sorted into:

**1. Promoters (9-10)**

People who would actively promote your service.

**2. Neutrals (7-8)**

People who would be neutral.

**3. Detractors (0-6)**

People who are actively negative about your service.



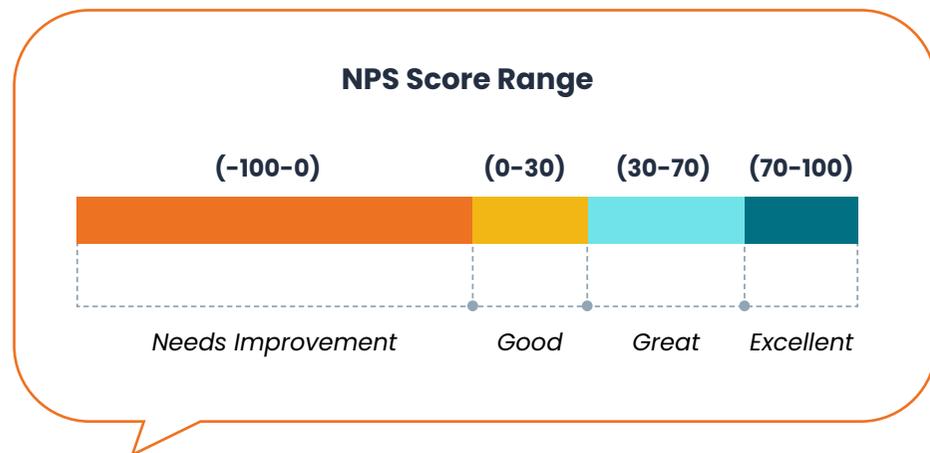
It is important to focus on the detractors because we want to know how we can improve. By following up on feedback and asking “How can we do better? How can we help?”, we can learn and become much better as a business.

Small law firms should adopt this approach, and you'll be surprised by the feedback received. It will empower you to make more informed decisions and implement change that will drive the law firm business forward.

### What is a good NPS score?

Some reports show an NPS score of 25 for the Average Legal Industry. Smokeball sits at a proud 64.

To calculate your firm's NPS score, subtract the percentage of detractors from the percentage of promoters. This will give you an NPS ranging between -100 to +100.



# Discover the Smokeball Difference

**Smokeball is the first and only cloud-based legal practice management software that automatically records time and activity, giving the small law sector powerful insights to understand the profitability of their work and optimise their practice.**

In addition, Smokeball offers industry-leading document and email management, Law Society approved billing and trust accounting, shared tasks and workflows, secure messaging and file sharing, and automated practice area specific legal forms.

To discover why over 2500 firms trust Smokeball for all their practice management needs, book a free customised software demonstration.

**Visit [smokeball.com.au/get-in-touch](https://smokeball.com.au/get-in-touch)**

**BOOK YOUR FREE DEMO**



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