BUILDING A TECHNOLOGY BUDGET

Technology budgeting used to mean deciding when to replace computers, printers, servers, and software licenses. That still matters, but it is no longer the whole job. For a small or solo law firm today, the technology budget is really an operating plan for how the firm stores information, communicates with clients, protects confidential data, gets paid, manages work, and decides where artificial intelligence belongs.

That does not mean every firm needs every tool. It does mean the technology budget should not be a once-a-year scramble after something breaks or a vendor sends a surprise renewal. A good budget makes technology boring in the best possible way: planned, funded, reviewed, and tied to the way the firm practices law.

BUILDING YOUR BUDGET

Start with the work the firm does, not a wish list of cool toys; meaning don't jump straight to products.

The better starting point is the firm's work. A litigation firm with heavy discovery, document production, and court filing needs a different technology budget than an estate-planning practice built around document automation and client meetings. A mobile solo practice has different needs from a five-lawyer firm with shared staff, multiple locations, and a high volume of calls.

Before pricing anything, identify the firm's core workflows:

- How do prospective clients contact the firm?
- Where do matters, deadlines, notes, and documents live?
- How are documents created, reviewed, signed, stored, and destroyed?
- How does the firm communicate with clients securely?
- How does the firm bill and collect payment?
- What information would cause real harm if it were lost, exposed, or locked by ransomware?

Those answers define the budget categories.

FIRST, KNOW YOUR CURRENT SPENDING

Most small firms have never done a full accounting of their technology costs. Subscriptions get charged to personal credit cards, firm cards, and sometimes both. Trials convert to paid plans no one remembers starting. Tools bought for one use case never get canceled when the use case disappears.

Pull your last 12 months of credit card and bank statements and list every recurring technology charge. Include the subscription name, billing frequency, cost, and who is actually using it. This exercise almost always surfaces at least one or two tools no one can account for.

Once you know what you're spending, you can build a budget around what you should be spending.

STARTER NUMBERS TO GUIDE THINKING

For many small firms, a reasonable annual planning target for technology is **4% to 7% of gross revenue**, including software, security, support, backup, hardware replacement, and training. Firms making a major transition - moving to cloud practice management, cleaning up document systems, replacing aging computers, adding cybersecurity controls, or piloting legal AI - may spend **8% to 10% of gross revenue** in an implementation year.

That percentage should be tested against a per-user number. As a practical starting point, many small firms should expect recurring core technology costs of roughly **$200 to $600 per person per month**, before legal research, marketing, and major one-time projects. A lean solo practice may run lower. A litigation-heavy, highly automated, or security-sensitive firm may run higher.

The key is to separate recurring costs from project costs. Email, practice management, payment processing, backup, password management, endpoint security, phone service, and support are operating expenses. A data migration, new website, server retirement, AI pilot, or office move is a project. Mixing the two makes the budget look either healthier or scarier than it really is.

BUDGET FRAMEWORK

The following ranges are not quotes. They are planning numbers a budget owner can use before getting vendor-specific proposals.

Category	**Typical planning range**	**Budgeting note**
Productivity suite, email, and identity	$7-$35 per user/month	Microsoft 365 and Google Workspace now bundle email, documents, storage, meetings, security controls, and some AI features depending on plan.
Practice management and billing	$50-$150+ per user/month	Matter management, calendaring, billing, payment links, document storage, and client portals often live here.
Document tools and e-signature	$15-$75 per user/month	Include PDF editing, document automation, forms, templates, and e-signature limits.
Cybersecurity and backup	$25-$150+ per user/month	Include password management, multifactor authentication, endpoint protection, backup, monitoring, and recovery.
IT support or managed services	$100-$250+ per user/month	Project work, migrations, hardware setup, and incident response are often extra.
AI and automation	$20-$100+ per user/month	General business AI may be cheaper than legal-specific AI. Budget for training, policy, and review time too.
Hardware replacement reserve	$600-$1,200 per user/year	Laptops, monitors, docks, scanners, headsets, warranties, and peripherals should be replaced on a schedule.

For a solo firm, that might translate to **$350 to $800 per month** in recurring technology costs, plus hardware and project reserves. For a five-person firm, it may be **$1,500 to $4,000 per month**, depending on the tool stack, support model, and practice area. These numbers are more useful than a single annual total because most modern technology spending arrives as monthly subscriptions.

CYBERSECURITY AS A CORE BUDGET ITEM

Cybersecurity is not a special project for large firms. Small firms hold valuable information too. They also tend to have fewer internal controls than larger organizations.

At minimum, the budget should include:

- Multifactor authentication for email, financial systems, practice management, and remote access
- A password manager for the firm
- Endpoint protection for computers
- Encrypted cloud backup with routine restore testing
- Device management for firm laptops and mobile devices
- Security awareness training
- A written incident-response plan
- Cyber insurance, if available at reasonable cost

A useful budgeting rule is to fund prevention and recovery together. Backup without security is an invitation to repeat the problem. Security without tested recovery leaves the firm hoping the first line of defense never fails.

AI HAS A PLACE IN YOUR BUDGET

Artificial intelligence is part of technology budgeting because staff and lawyers are already using it, whether the firm approved it or not. The budget should make room for careful use rather avoid the issue.

For small firms, AI spending may fall into three buckets. First are general tools inside Microsoft 365, Google Workspace, or standalone AI subscriptions (*e.g.*, ChatGPT or Claude). Second are legal-specific tools for research, drafting, summarization, contract review, document automation, or practice management. Third are the less visible costs: training, policy development, supervision, and quality control.

The budget should not assume AI will replace professional judgment or quickly reduce payroll. A more realistic goal is to identify narrow uses where AI can save time without increasing risk: first drafts, summaries, issue spotting, intake triage, internal checklists, marketing drafts, and administrative automation. For legal work, someone still verifies the output. That review time belongs in the budget just as much as the subscription fee.

Law firms should also budget for AI governance. That includes deciding which tools are approved, what information may be entered, when client consent is needed, how outputs are checked, and who is responsible for mistakes. Buying an AI tool without a policy is not innovation. It is an unlocked side door.

HARDWARE: STILL IMPORTANT, BUT NO LONGER THE PRIME CONCERN

Bad hardware makes every tool feel worse. A person who spends most of the day drafting, reviewing PDFs, meeting by video, and managing email should not be working on a dying laptop with one small screen and a bargain-basement webcam.

Budget for laptops on a **three- to four-year replacement cycle**. A practical range is **$1,200 to $2,500 per primary computer**, depending on role and performance needs. Add monitors, docks, keyboards, webcams, headsets, scanners, surge protection, and extended warranties where appropriate. A second monitor is not a luxury for someone who drafts and reviews documents. It is basic ergonomics.

Printers and scanners deserve a more skeptical look. Many firms need less printing than they think, but they still need reliable scanning. A modern document workflow usually benefits more from fast scanning, consistent naming conventions, and searchable PDFs than from another large printer.

INCLUDE TRAINING COSTS

If a firm spends thousands of dollars on practice management software and no one changes how they open matters, store documents, assign tasks, or enter time, the firm has not modernized. It has purchased a new place to be disorganized.

Budget for training when you introduce new tools and when major features change. Also assign an owner for each important system. The owner does not have to be a lawyer or IT professional, but someone must be responsible for renewals, user access, templates, cleanup, vendor communication, and policy compliance.

For a small firm, this can be simple. A quarterly technology review may be enough. Look at spending, unused licenses, upcoming renewals, security alerts, hardware age, and staff pain points. Then adjust the budget before small annoyances become expensive problems.

REPLACE ON SCHEDULE; DON'T WAIT FOR FAILURE

Waiting for technology to die is still the most expensive way to manage it. Emergency purchases eliminate choice. They also create downtime, rushed setup, data-transfer problems, and inconsistent equipment across the office.

Use a replacement schedule:

- Computers: every three to four years
- Mobile devices: every three years, or according to security and support needs
- Network equipment: every four to five years
- Scanners and printers: according to volume, reliability, and support status
- Software subscriptions: reviewed annually, not automatically renewed forever

Planned replacement also gives the firm leverage. It can standardize equipment, negotiate better pricing, and schedule setup outside busy periods.

WRAP-UP

A good technology budget is not about buying the newest thing. It is about making deliberate choices so the firm can work securely, efficiently, and consistently. The budget should include subscriptions, support, cybersecurity, AI governance, training, and scheduled replacement. It should also leave room for experimentation without letting every shiny product become a permanent monthly charge.

Technology exists as part infrastructure, part risk management, part client service, and part competitive strategy. Budget accordingly. The firms that do this well are not necessarily the ones that spend the most. They are the ones that know what they are paying for, why it matters, and when it is time to change.