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MODERN KM ADDS VALUE TO CLIENT RELATIONSHIP

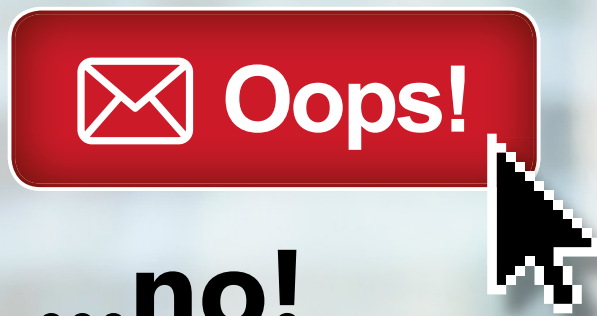
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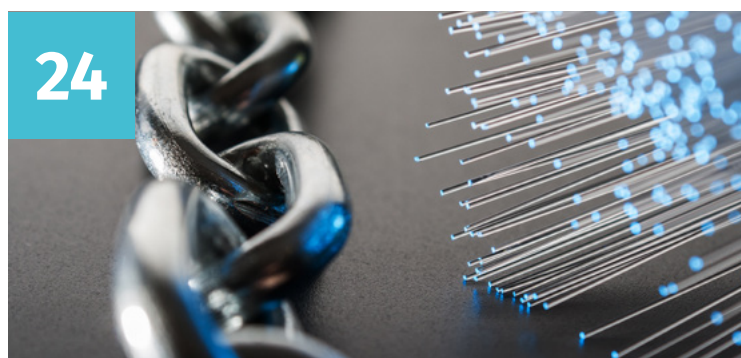
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EDITOR'S NOTE



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Welcome to issue 21 of Legal IT Today! As I write this, there are just 14 days to go until the world's finest legaltech minds converge on Amsterdam once again for Lexpo, our legal innovation event. The big question is: are you ready?

If not, then don't worry—Legal IT Today provides a sneak preview of the key topics you can expect to hear about. This issue includes articles from no less than five Lexpo speakers, so it's the ideal primer to help you have a great Lexperience.

The subjects tackled include artificial intelligence and blockchain, business intelligence, using data science in legal practice and successful knowledge management. We also consider what today's law firms can learn from the finches observed by Charles Darwin in the Galápagos Islands nearly 200 years ago—can you guess where that fits in?

Legal IT pioneer Ralph Baxter has written his last column for us in this issue, as he is off to seek election to the US House of Representatives. We wish him all the best!

Reading through our latest offering of articles, I was struck by the enduring influence of legendary management guru (and former journalist!) Peter Drucker, who is quoted by two of our authors. Drucker, of course, argued that management is primarily a human activity, not a mechanical or an economic one. That remains true today and will do for some time—despite the much-heralded rise of the machines.

I hope you enjoy Legal IT Today. As ever, we aim to share ideas and opinions across the global legal IT community and stimulate discussion. Please get in touch with feedback and suggestions for topics, features, and images. It is always good to hear from you.

See you at Lexpo!

A handwritten signature in black ink, appearing to read 'Jonathan Watson'. The signature is stylized with a large, looped 'J' and a long, horizontal stroke at the end.

Jonathan Watson
Editor

WHAT'S HAPPENING AT ASCERTUS?

BY JONATHAN WATSON



Law firms are learning to avoid adopting technology just for the sake of it, says Roy Russell, managing director of document and information lifecycle management specialist Ascertus. Increasingly, they are learning how to use it successfully to provide a better service for their customers.

You were closely involved with law firms in the early years of your career before concentrating on corporate legal for many years. Now you are working with law firms again—what differences have you noticed?

IT at law firms has certainly become much more of a professional function over the last 12 years or so. In the early days, the role of the IT director, if there was one, or IT manager, was that of a WP supervisor, and they would call in system engineers to get repairs done. They didn't necessarily need to have a technical background. Today, with clients applying pressure over issues like security and governance, the IT teams are professionally qualified individuals. That's a big change, and we are now starting to see law firms be as demanding as corporate IT.

The trend among the biggest law firms seems to be to split their IT into two operations—is that something you have noticed?

Yes, they have the business as usual, 'keep the lights on' IT, and then they have the strategic business transformation IT. In some firms, the two don't even seem to work together! There is also a drive

towards the adoption of technology not just for the sake of it but to provide better customer service, increasing customer satisfaction and retention. From the law firm perspective, it's also about increasing the recoverability percentage, being able to offer and manage alternative fee arrangements and know that they are going to make a profit at the end of the day.

What have you found to be the biggest difference between corporate legal departments and law firms?

The biggest issue is that in a law firm, the users are fee earners, and in corporate legal departments, the users are a cost centre. Even in the biggest corporates, the departments aren't that big in Europe—in the US it's very different—so the corporate legal department, as well as being a cost centre, and therefore facing budgetary constraints, has historically had very little notice taken of it by the IT department.

By contrast, when fee earners sit down at their computer, they can access thousands of pounds worth of software products that are designed to make them more productive. The aim is to enable them to squeeze every last billable second out of the day. Corporate legal departments, when it comes to technology, have been the poor cousin. They have had to scratch around to get technology. It's nice that in the last couple of years, legal departments have started to adopt technology much more widely in Europe and we're starting to see the emergence of the legal operations role as well. That's helping not just from a technology perspective but also from the finance management side of things. It's also no surprise that the Corporate Legal Operations Consortium has set up a European chapter and they are starting to see big growth in that.

What are the key risks for law firms when they adopt new technology?

Too often clients get carried away by the sales talk and don't realise how much effort it takes to maximise the benefits of the product. We have seen a lot of firms rushing to buy AI, for example, not seeing that it was primarily a development tool. There are some products with off-the-shelf functionality, but building an AI application from the ground up takes a lot of technical effort and legal effort. You have to find multiple legal minds to

In a law firm, the users are fee earners, whereas in a corporate legal department, the users are a cost centre

help train and build the AI app. A lot of AI licences have been purchased, but it remains to be seen how many of them will be of real use in the firm going forward.

How can they avoid falling into that trap?

If you go to a particular software vendor, their interest is to sell their product regardless of what the client's requirements are. Historically, clients have paid a lot of money to get around that to do due diligence and get consultants in. These days, they are looking at companies like us who position themselves as solutions providers. We do have relationships with various software vendors, but we are focused on the bigger picture. If we can't do what's needed, we'll point the client to

someone who can. We're starting to see a swing back in the market towards clients paying for that and for quality delivery, whereas for many years the focus was on price. Some would wait for year-end and then demand software at a discount, knowing that sales targets needed to be met. The market has started to realise that you get what you pay for.

Do you expect to see a lot more AI in 2018?

Yes, but it's going to become something that is embedded within existing applications. Vendors are acquiring AI tools, such as iManage buying RAVN. This means iManage will have AI embedded within it. Software vendors are starting to license AI almost as a box-ticking



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exercise—it's something they just have to offer. We'll see a lot more of that this year. In iManage, for example, AI will be able to fill in missing metadata. It will be able to recognise that a document is a letter, or a particular type of contract, and fill in the metadata automatically without the users even touching it. We'll start to see that lighter touch, under-the-hood AI coming in.

Security is obviously another big issue as the GDPR approaches. Are you seeing a change in law firms' security strategies?

With the GDPR [General Data Protection Regulation] countdown well and truly under way, law firms will adopt more advanced approaches to data security. The Panama Papers and other recent high profile cases have clearly highlighted the reputational damage a security breach can cause. Come 25 May 2018, when the new GDPR comes into force, the business impact of a data breach like that suffered

by Appleby [millions of whose documents were disclosed in the 'Paradise Papers' leak] will be debilitating for a law firm. Going beyond standard security measures such as analysing application logs, network traffic, endpoint device activity and files downloaded by systems users, firms will adopt more advanced approaches to data security such as behavioural modelling, machine learning and forensics.

iManage, for example, have expanded their product portfolio to include a feature that can build up a profile of how each user interacts with the system. If that profile changes suddenly, it means that user account has been breached or the user has gone rogue. With monitoring going on every 15 minutes or so, you can nip anything untoward in the bud very quickly. That's the kind of proactive approach to security that is needed. Firms need to accept that it's not a matter of if you're going to be breached, but when.

In 2018 firms will have no choice but to segregate content, establish ethical walls and institute governance policies that allow access to information on a 'need to know' basis. This will ensure that only authorised individuals have access to sensitive data—and in the event of credentials being compromised, the impact of the breach will be significantly limited to the account in question.



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BLOCKCHAIN BRINGS A SYSTEM OF DIGITAL TRUST TO THE LAW

BY DAVID FISHER



The lesson of Bitcoin for the legal industry is that it is now possible to create trust in data across a network of untrusted third parties

Lawyers need digital trust. Blockchain is the only technology that can provide that.



Lawyers don't need word processing software. They need an efficient way to create documents.

Lawyers don't need practice management software. They need an efficient way to manage their law firms.

Lawyers don't need artificial intelligence. They need tools to help them quickly and thoroughly analyze and understand large quantities of information.

Lawyers don't need blockchain. They need to be able to trust digital information and digital agreements.

Most of what is written and understood about blockchain is related to cryptocurrencies like Bitcoin and Ethereum, initial coin offerings (ICOs) and smart contracts. But what makes all of those things possible is the ability to trust the integrity of information stored on a blockchain. It's the unique design of blockchains that enables something no preceding technology could do nearly as well—the creation of digital trust. It's a remarkable innovation that will transform the way lawyers use technology to deliver legal services, and it goes far beyond the most popular and obvious use cases.

In all aspects of life, we rely on intermediaries, such as government agencies, banks, and large technology companies. We don't trust individuals to create their own driver's licenses, and we don't trust individuals to maintain the authoritative record for how much money they have on deposit in the bank. We rely on large institutions to attest and authenticate.

The problem with central authorities and intermediaries is that they create concentrations of risk. Millions of credit cards, personal information and passwords, all stored in one place. Human beings can make mistakes, or in some cases, can be corrupt. This means we have to trust in central authorities and intermediaries for reasons of economic efficiency, but we are aware of the risks and imperfections of this configuration. We don't fully trust them.

Blockchain, and specifically Bitcoin, proved that it was possible to create trust without the use of central authorities and intermediaries. Instead of concentrating information with some very large entities, information would be broadcast throughout the network. Instead of a central ledger or database, a fully distributed database would be used. And indeed, Bitcoin currently maintains an aggregate value of over \$100 billion without a bank or government to issue the currency or manage it.

The lesson of Bitcoin for the legal industry is that it is now possible to create trust in data across a network of untrusted third parties. It's now possible to prove that a contract is authentic, even if there is only one copy of it on file with one party, years after it was signed, and in the absence of all of the original signers and attorneys.

If you can prove the digital authenticity, uniqueness and provenance of a document or contract, then you can proceed to the next level of blockchain functionality and apply algorithms and code to create what are known as smart contracts. Those smart contracts (computer code) leverage the same blockchain trust framework as the underlying data, so they can be trusted as unique and authentic too. If you trust the data, and you trust the hard-coded smart contract, it follows that you can trust the smart contract to automate the execution of the contract, without human intervention.

With the advent of blockchain technology and its accelerating deployment across all sectors of the economy, the legal industry is now at the beginning of a profound transformation that will result in all important documents, contracts and data first being confirmed as

authentic using blockchain technology and eventually being converted to computable, smart contracts that will automate all functions that can be reduced to computer code.

The 'smartest' smart contracts will be artificial intelligence, of course, and blockchain technology will provide a trusted 'audit trail' that will allow ever more powerful artificial intelligence to be deployed in the legal industry. Blockchain technology will form a critical basis for XAI ('explainable AI'). How can you explain something as complicated as AI if you don't trust the underlying data and state of the algorithms? Blockchain technology is the only good answer to that, and so it will enable the next leap forward in cognitive computing. That's how blockchain and AI, despite being otherwise completely unrelated technologies, are critically important to each other.

It will take many, many years for the transformation of the legal industry to run its course, and much of the technology is still in its infancy. But for legal industry professionals who want to be a part of one of the greatest periods of innovation in the modern history of law, this is an amazing time. We are in the emerging era of digital trust. Standards are being set and the first applications are being developed and deployed. This will only accelerate in the months and years to come.

David Fisher is the founder and CEO of Integra Ledger, 'the blockchain for law,' as well as a co-founder of the Global Legal Blockchain Consortium, the largest legal industry blockchain consortium in the world. He is also a co-founder of the Global Legal Hackathon, which took place on 23-25 February in 40 cities around the world. It is estimated that more than 100 of the 600 teams around the world developed blockchain applications, and of the winning teams, nearly 25% were blockchain-based.



FINCHES, DEATH AND BUSINESS INTELLIGENCE

BY JOHN ALBER



Today's law firms could learn a lot from the finches of the Galápagos Islands.

Darwin's finches

It's rare that we can look to finches for business analogies. But an ornithological backwater of evolutionary biology furnishes an apt example of why we do business intelligence (BI), or rather why we should do BI.

Let's begin with Charles Darwin. Speak of him, and the notion of 'survival of the fittest' quickly comes to the fore. That term—survival of the fittest—summarizes the common understanding of how natural selection operates. Viewed in that way, it's a brutal affair. Images of the Serengeti National Park in Africa

abound in such talk—a place where alpha predators dominate and natural selection functions as a blood sport. But the truth is that most of natural selection operates much more subtly than lions and tigers do. And there we find examples like Darwin’s finches.

As their name suggests, Darwin was the first westerner to come upon these small birds. He found them in the Galápagos Islands during his now-famous voyage on the Beagle. Darwin did not study the finches in depth then, however. That was left to succeeding generations of evolutionary biologists, such as Peter Grant and his wife Rosemary, both of Princeton University in the US. Over decades, they tracked and described the remarkable and rapid evolution of what eventually became 15 separate species of tiny finches, all descended from a common ancestor.

The finches of the Galápagos, it turns out, were not subject to predation or competition from other species. There was a bloodless life cycle. Instead, natural selection operated on them because the islands where they lived went through successive periods of abundance and deprivation. To survive the punishing droughts of the Galápagos and the ensuing scarcity of food supplies, some of the finches adapted, and did so quite rapidly.

As the weather dried, for example, the nuts and seeds that were staple foods for the finches toughened up. Fine-beaked birds perished, but those with short, stout beaks survived and developed into

separate species. And survival ensued too for birds that adapted to other feeding styles. The cactus finch grew a long beak that reaches into blossoms; the ground finch grew a short beak adapted to eating seeds buried under the soil; and the tree finch wound up with a parrot-shaped beak suited for stripping bark to find insects.

Successful species responded to profound changes in their environment by adapting in various ways. Unsuccessful species died out. That is the example upon which we will build the principal metaphor here.

The environment in which all businesses operate is just as relentless and mortal as the environment of the Galápagos Islands. Because we do not see ravaging alpha predators, we are inclined towards passivity. But, as many lapsed generations—both of finches and businesses—can attest, natural selection is relentlessly mortal. Even in the absence of predators.

Survival

Indeed, today’s highly dynamic global marketplace grinds through businesses faster than at any time in the history of business. Our electronic age shortens lifecycles, such that the average span of a Fortune 500 corporation now may be as little as 15 years. Smaller businesses die even sooner.

But are law firms subject to the same selective pressures as other businesses? You would think so. They are the least nimble of enterprises, dominated by the

principle of stare decisis just as much in business as in legal precedent. Lawyers, we often say, are resistant to change, and perhaps even inimical to it. Status quo forever!

As Fortune 500 lifespans move from 50 years to as little as 15, why haven’t we seen a Big Law extinction event? Perhaps it’s because of the insulating effect of the billable hour. That cost-plus business model excuses a lot of obliviousness—and disguises mortality. It’s like having a secret cache of seeds tucked away on the island.

But notwithstanding the billable hour hiatus Big Law has enjoyed, all businesses begin to die the day they are founded, even law firms. And the highest mortality rate arises in those businesses that resolutely stick to their business plans regardless of the circumstances. Like Big Law.

Peter Drucker, perhaps the most esteemed management theorist in all of modern business, explains why in his book, *Management Challenges for the 21st Century*: ‘In a period of upheaval, such as the one we are living in, change is the norm. To be sure, it is painful and risky, and above all, it requires a great deal of very hard work. But unless an organization sees that its task is to lead change, that organization—whether a business, a university, or a hospital—will not survive. In a period of rapid structural change the only organizations that survive are the “change leaders”. It is therefore a central 21st-century challenge for management that its organization become a change leader.’

The lesson of businesses in all sectors is change or die. Adaptation assures survival.

In the wake of the Great Recession, law is in a period of great upheaval—something at least as mortal as a Galápagos drought. And radical change is rampant, both in the economics of practice and in the how of accomplishing everyday tasks. But that change in the how of practice is not coming primarily from inside the profession: rather, almost all significant innovation emanates from outside traditional firms. From new species, if you will.

In the wake of the Great Recession, law is in a period of great upheaval—something at least as mortal as a Galápagos drought

Services such as RocketLawyer and LegalZoom are redefining the infrastructure for the delivery of legal services. Virtual entities such as Axiom, Counsel on Call and VLP are reformulating what it means to be a firm. Blockchain-based technologies are restructuring that most basic of legal instrumentalities—the contract—and offering up electronic contracts that are lawyerless, smart and self-enforcing. Alternative dispute resolution services are springing up to remedy the cost, delay and unfairness inherent in an overloaded court system. And all of this is clearly just a beginning. Watson and his yet-to-be-thought-up companions are waiting in the wings.

It's clear that law firms of all sizes will have to change too. We've seen that lesson over and over in other industries. Law firms that don't change will get Kodaked, or Blackberried, or Blockbusted. They'll simply fade into irrelevance as the market redefines itself around them. Change or die is the way all of nature works—including business.

But change how?

Here is where BI pays dividends. BI's sweet spot lies precisely in answering

questions like 'How should we change?'. BI is a compass for the business. It helps define the path towards change and away from mortality.

Unfortunately, just buying BI software doesn't automatically create a compass. Someone has to decide what questions to ask—questions that pave the way for change. BI software sometimes comes equipped to ask certain questions, such as 'Are we profitable?' or 'Where are we profitable?'. All it takes is a little wiring into existing enterprise systems and those questions can begin to be answered.

And, of course, profitability is one of the core inquiries of any successful business. But just how well does profitability or unprofitability answer the question 'Where shall we change'? It may begin an inquiry, but it by no means ends it.

Design thinking discipline

If BI software can't answer the most important questions right out of the box, how do business leaders in general and BI analysts in particular begin to know what questions to ask to lay in a path for change? How do they even know where to start?

Just as there is a discipline to parsing data, understanding data distributions and undertaking regression analyses, there is also a discipline to designing or redesigning a business. And that is exactly what BI undertakes to do. When we ask what needs to change, we are by definition designing something to take the place of the status quo.

And there is a discipline to design that we can use in asking these fundamental questions. Over the past several decades, businesses have begun to notice that professionals in design fields—architects, urban planners, industrial designers and other 'creative' types—solve problems in a fundamentally different way than scientists, businesspeople and lawyers. They exert just as much discipline as more conventional analytical thinkers but often wind up in very different and very much more productive places. Design thinking, as it has come to be called, is a translation of the methods used by the most successful designers into language that can be applied in other settings.

Design thinking is a catchy name, but a little misleading, given our understanding of the term 'design'. When we speak of design, we often attach an article to



*BI is made for
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that way. Because
the finches tell us to*

it, referring to 'a' particular design as being beautiful or elegant. The smooth metallic surface and radiused edges of the iPhone, for example, fit that understanding of design. In that sense, design refers to a particular physical aesthetic and it seems to fall far outside realms like business and law.

But design is also a process, a methodology used to arrive at a superior end state. It goes far beyond the physical aesthetics of product creation to encompass the entire user experience associated with a product or service.

As attractive as the iPhone's physical design was, the revolution it spawned had much more to do with how users interacted with a wide range of services—from telephony to email, music, photography and videography.

And to get to that required a most extraordinary kind of inquiry. Had you asked conventional phone users whether they needed something like the iPhone, they would have said no. They might have quarrelled with this or that bit of functionality in their phones, but they were not asking for iPhones.

To get to the iPhone, something else had to happen during the design. This 'something else,' this way of inquiring that is so different from the way in which businesspeople and lawyers typically approach problems, can prove revolutionary when applied to business problems. And, more particularly, it can serve as an underpinning for the ever-present BI questions: 'What shall we measure?' and 'What shall we change?'

Subhead: Empathy?

At the core of design thinking is something utterly outside the toolset given to lawyers in law school and

businesspeople in business school—empathy. Empathy goes beyond simply trying to understand a problem. It asks you to put yourself in the shoes of the person who will use your product or service and to try to understand that person in ways that transcend logic, that draw upon intuition and emotion as well.

Design thinking recognizes the first-level importance of the emotional content of a successful design. When we think of traditional value propositions, we often bring to mind some emotionless notion of utility. This product or service will accomplish a certain thing. Lawyers think like that. We will provide you with advice, and it will be correct. BI analysts think like that too. We will tell you your billing speed and collection speed and it will be correct.

But the most successful designs go beyond mere utility. If you buy a Tesla, the automaker promises that you will receive the safest transportation in the world, that you will be transported in a sumptuous surround, that you will feel pampered, affluent and intelligent. In other words, the design of a Tesla is loaded with emotional content. So too with the iPhone. Its hip exclusivity is as much a part of the design as its elegant user interface. All of the best designs are founded first on human considerations.

Clients have been telling us for years that they want more than utility in their law firms. One of the most common complaints about lawyers is that they take no time to understand their clients' businesses. That complaint certainly relates to the utility of advice—abstract advice is less valuable than that given in a specific business context. But the complaint also has just as much emotional content as a 'you don't pay enough attention to me' statement in any

other human relationship.

That untapped resource, the as yet unasked questions that open up the workings of our clients' businesses, presents an extraordinary opportunity for BI. Helping lawyers understand their clients' businesses, or even better, helping clients themselves better understand their businesses, represents the foremost opportunity of BI in law.

And it is foremost precisely because it is so mortal. Not asking these telling questions is as sure a path to death as not eating seeds. Asking them is salvation.

In other words, BI can order the randomness of everyday business life in such a way as to increase lifespan. Most businesses run just as randomly as finches dine in the Galápagos Islands. They encounter what they encounter and live or die on the results. Adding BI to the mix, however, is like giving finches the power to test larger beaks or different diets, and to notice the results far in advance of their mortal moments.

In this way, BI is made for cheating death. And we'd best use it that way. Because the finches tell us to.

John Alber is the futurist for the Institute for the Future of Law Practice and was the first futurist for the International Legal Technology Association. His blog, [Rethinking.Legal](#), focuses on transforming the delivery of legal services. John served as CEO of a transportation industry database and software company, and for sixteen years as Bryan Cave's Strategic Innovation Partner, where he led Bryan Cave to become one of the most innovative firms in the world. While at Bryan Cave, he also served for seven years on the firm's management committee.



THE PATH TO QUANTIFYING THE PRACTICE OF LAW— HOLES, BUMPS AND CIRCUITRY

BY KARL HARALDSSON

There are significant but surmountable gaps between what law firms want to do with practice data and what they are equipped to do right now. If they are to capitalise fully on the promise of data analytics, those gaps need to be filled.

Data analytics is a hot topic in the legal tech and innovation community, and for good reason, given that other industries have benefited substantially from data science. Several law firms have now hired data scientists—a few at the executive level. Some large corporate legal departments have formed analytics teams to explore their legal data (at LexPredict, we recently met with one company that has dedicated a team of nearly 10 data scientists to the legal department). A variety of technology companies now aggregate court data to reveal insights about judicial behavior, motion practice and lawyer performance. This is clearly a space to watch.

A common thread among these efforts is an attempt to quantify the practice of law. That means looking beyond traditional law firm time and billing data to understand the legal work itself. Legal organizations have a variety of aims for opening the aperture. Some law firms want to collect more lawyer experience data in order to simplify the way they respond to RFPs [requests for proposal] and industry rankings surveys. Some want to use new data to better plan and price work. Others want to analyze lawyer performance to better evaluate potential lateral hires. Some corporate legal departments want to identify and mitigate the upstream issues and behaviors within their companies that lead to litigation. Both firms and corporations want to forecast the outcomes of their matters more accurately. For most legal organizations, however, the road ahead will be bumpy, with a few more twists and extended turns than they'd like.

At present, lawyers make decisions in essentially the same way that they did 20 years ago. Yes, they have computers for typing, emails for corresponding with clients, eDiscovery appliances for culling documents and legal research tools for identifying precedents, but the information guiding their practice is largely the same as it was before

those advances. As other industries like finance, retail, consumer technology and professional services have pushed forward in their use of analytics, law has, until very recently, stagnated. The legal teams that have embraced quantified law are very much the exceptions to the rule. This article discusses some of the gaps that legal organizations must fill as they look to capitalize on the promise of data analytics.

Obstacle 1: Missing practice data


'Practice data' is the moniker that my colleague Andrew Baker and I broadly use to refer to data that characterizes the practice of law. For a transactional matter, this might include deal type, deal size, industry, cycle time and identified substantive legal issues. For a disputes matter, this might include the claim type, jurisdiction, outcome, outcome date and settlement/judgment amount (the details will vary according to practice area and organization). Large corporate legal departments are usually pretty reliable about collecting this information in their matter management systems. Law firms, on the other hand, have a gaping hole in their collection of practice data.

The vast majority of law firms don't have the right data. They generally don't collect much (if any) structured practice data (think rows and columns as opposed to unstructured text). Most law firms collect the minimum data points necessary to bill their clients, calculate compensation and pay their taxes. This statement admittedly oversimplifies the situation, but it isn't that far off the mark. Only a handful of law firms collect detailed information about their matters beyond the basic profile information that they capture in their financial system. In order to predict dispute outcomes, for instance, a firm will want, at a minimum, data describing each matter's type, claims, forum, parties, opposing counsel and outcome. Based on what we've seen in the legal industry, few firms have configured systems to track this information at an enterprise level. Frankly, it would surprise us if even a single major law firm captures the settlement amount for every dispute that the firm handles.


Obstacle 2: Inadequate existing data

The data that law firms do have is often inaccurate or embedded in the text of their documents. Financial systems usually have a few fields for capturing matter profile information like area of law and client industry. Many firms find it challenging to collect this data accurately and keep it up to date. We find, time and time again, that people who are

As other industries like finance, retail, consumer technology and professional services have pushed forward in their use of analytics, law has, until very recently, stagnated

A blue circular icon with a white exclamation mark.


Misfire on lateral hires

A blue circular icon with a white exclamation mark.


Confuse capabilities

A blue circular icon with a white exclamation mark.

Underestimate experience

A blue circular icon with a white exclamation mark.

Fuss with fixed fees

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under pressure to expediently open new matters simply mark new business matter types as 'General' (or something akin to it). Those classifications are rarely corrected downstream.

By contrast, law firm document management systems are awash in practice data. Unfortunately, however, that data is squirreled away in the text of transactional agreements, complaints, policies, memos and settlement agreements. Since such data isn't structured in an easy-to-access database, it isn't ready for immediate analysis and consumption without specialized machine learning and natural language processing algorithms, which are less than 100% accurate.

Obstacle 3: People

Even if law firms had the practice data they need to pursue quantified law, very few have the people necessary to analyze the data, work with lawyers to identify the opportunities and communicate its meaning to lawyers and clients. Law firms need people who have the quantitative skills to clean and transform data, design 'experiments' and develop and deploy statistical models. Plenty of firms have database administrators or development resources, but only a sliver of them have true data scientists. Fewer still have data scientists with legal context, which is crucial to aligning capability with opportunity and engaging lawyers in strategic analytics efforts.

Law firms also need experts in data visualization, which is crucial to any legal organization's analytics effort. In our experience, data projects rarely succeed unless firms invest in thoughtful, coherent visual displays that communicate the results of their data analysis. For some projects, these displays can take the form of a report that includes interactive visuals and narrative explanations. For others, the displays may consist of a dashboard or suite of visual components that lawyers and clients can access on an ongoing basis.

Contemporary business intelligence platforms like Tableau and Microsoft Power BI have empowered firms to quickly and flexibly produce custom, interactive visuals and reports. These tools can bridge multiple sources and serve results back to lawyers in a manner that is easy for them to consume. We have, for example, created custom law firm dashboards that allow lawyers to estimate the settlement amount of a dispute based on their selection of several significant factors. Most firms lack people with the skills to design and implement data visualization interfaces. Visualization is more science than art, and without those experts, firms will struggle to make data analysis relevant to lawyers.

There are significant but surmountable gaps between what law firms want to do with practice data and what they are equipped to do right now. Law firms need

to capture data beyond what is available in their financial system. They need to mine their documents to fill in some of those holes. They need to bring in resources who can work side-by-side with lawyers to analyze and visualize practice data. With the right data and the right people, law firms can use quantified law not only to drive operational excellence and win new business but to change the way lawyers practice and evolve related business models.

Karl Haraldsson is the Manager of Legal Analytics at LexPredict. Karl oversees the delivery of analytics services, designing and implementing strategies around data and process. His areas of expertise include legal data strategy and platform implementation; legal analytics team design; discrete analytics services; legal matter outcome modeling; legal data visualization systems; preemptive enterprise risk monitoring; and legal process improvement.

Karl has advised large, multinational corporate legal departments and global law firms, including previous central roles at Janders Dean, Seyfarth Shaw and SeyfarthLean Consulting.

RUNNING FOR CONGRESS: A NEW FOCUS, FAMILIAR OBJECTIVES

BY RALPH BAXTER



This is my final post for Legal IT Today. For now, I have taken on a new focus—running for the United States House of Representatives—and will not be writing blog posts for a while.

I have never run for public office before. Deciding to do so obviously required personal soul-searching about my values and objectives in life. What I came to was this: for much the same reasons I have been motivated to advocate for innovation in legal service, I should now turn my energies to Congress. Here's how I see it.

Modernizing legal service

Lawyers' duty to modernize legal service derives from two core issues:

- The duty simultaneously to serve the best interests of their clients, the system of justice and the rule of law; and
- The prospect of fulfilling that duty far better by embracing modern process and technology tools.

The duty to serve the common good

As Ben Heineman, Bill Lee and David Wilkins said in their illuminating 2014 essay, *Lawyers as Professionals* and



Citizens: Key Roles and Responsibilities in the 21st Century, the privilege society grants lawyers to practice law carries with it important responsibilities. Lawyers not only must do what is best for their clients, they have a duty to go about it in a way that benefits the justice system of which they are an integral part, and ultimately sustains the rule of law. The lawyer is much more than the servant of his/her client. The lawyer serves the common good.

These duties are particularly vital today because of the increased role of law in every facet of life and commerce. There is more law, complicated by more data, than ever before. The needs of our system and society are greater than they have ever been. And in significant ways, such as access to justice in the United States, those needs are going unmet.

We can do so much better

In general, lawyers do an outstanding job for their clients. Our challenge and opportunity is to do what we do better.

In virtually all settings, modern process design and technology enable lawyers to provide better service to clients. For example:

- We can unleash the power of data to understand the facts and law of a matter far better than conventional tools permit
- We can draw seamlessly on prior work and thought to deliver better service, faster and cheaper
- We can deploy technology to ensure that we adhere to a thoughtful plan that responds faithfully to the client's objectives and priorities

We have more profound work to do on the duties to the justice system and the rule of law. On these fronts, far too many people go underserved. Here, the prospects of modernization have the potential to help our institutions serve everyone, including access to legal service at fee levels that are affordable and reasonable.

Running for Congress

Like legal service, the imperative of Congress today can be seen as deriving from two core issues:

- The duty simultaneously to serve the interests of the constituents and the country as a whole; and

- The prospect of making great improvements in the process and substance of legislation.

The duty to serve the people's interests

The House of Representatives was designed to serve the interests of the citizens. Its members represent districts of a relatively small number of people and must stand for re-election every two years. The structure is designed to keep Congress close to the people, enabling the members to understand the people's will—their hopes, their fears, what they want their country to be—and empowering the people to replace them when they don't represent their interests.

Like lawyers and the legal service, members of Congress must simultaneously address both what is best for their constituents and what is best for the country as a whole.

We can do so much better

The need for improvement in Congress is urgent. In my view, it no longer fulfils either of its core duties satisfactorily. It is further and further removed from the interests of the people, and it is not acting in the best interest of the country as a whole.

Partisan party politics and campaign finance are presently overcoming the consideration of the people's interests. It is manifest both in the way Congress considers important issues, and in the conclusions it reaches. Health care reform and tax reform legislation in 2017 were glaring examples of this urgent problem.

Congress needs to return to a sincere focus on the interests of the people and the country—not just the interests of the political parties and the wealthy contributors.

This requires a change in who the people send to Congress. It is increasingly clear that people who have not previously served in government should step up and offer to serve.

This is where I come in.

I think my training and experience have prepared me for this role at this moment. Leading a large international firm, including balancing the interests of varied stakeholders, will be helpful.

So will the last five years, during which I have been trying to understand the dynamics of change in the legal service market more broadly and stimulate it to make progress.

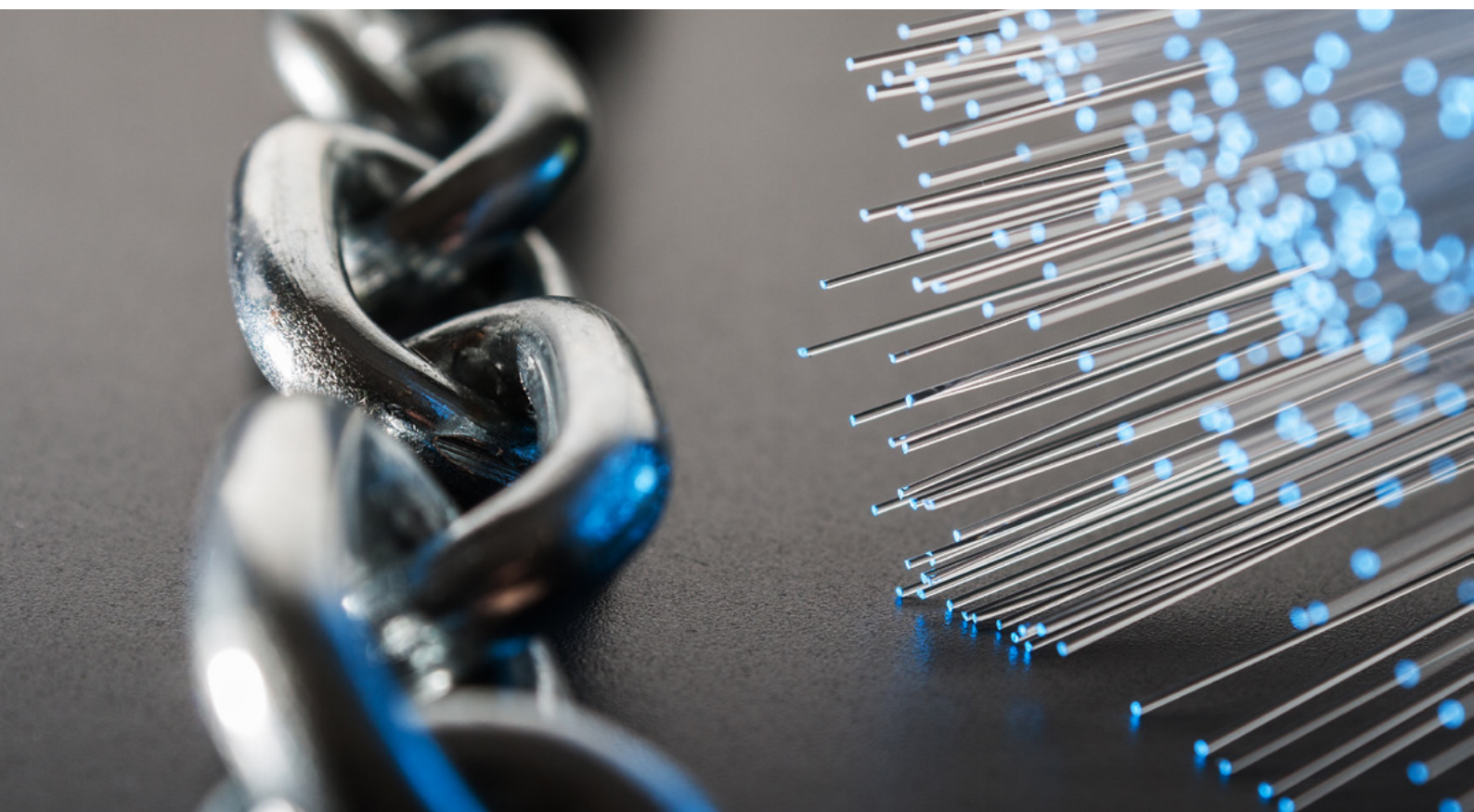
Perhaps more important is my motivation: I enter this campaign with a sincere objective to help make Congress function as it was intended to do. To listen to the people, to consider the questions that confront them and the country, and to work collaboratively to find solutions that best serve the interests of all.

My vote is not for sale. I am not a party partisan. I am a citizen who wants this vital institution of our government to do better.

Ralph Baxter is a legendary legal innovator, perhaps best known for the 23 years he spent as chairman & CEO of law firm Orrick. During this time he launched several transformative initiatives that aligned Orrick more closely with its clients, including non-traditional talent and pricing models and the first global insourcing centre at a law firm. He is now a leading author and speaker and provides invaluable advice to law firms, corporate legal departments, legal technology companies and other new entrants in legal service delivery. He is also a candidate in the 2018 House of Representatives elections, seeking to represent West Virginia's 1st congressional district.

HAS A BLOCKCHAIN BONANZA ARRIVED FOR LAWYERS?

BY DAVID YERMACK



The growing use of FinTech is creating new legal problems, and law firms are ramping up practices to take advantage of the ensuing litigation.

Will smart contracts finally rid the world of lawyers? asked a recent blog post on Hacker Noon, a website for FinTech entrepreneurs. Today, as we approach the 10th anniversary of the debut of Bitcoin and its introduction of blockchains and distributed ledgers, the answer appears

to be an emphatic 'no'. Instead, the past year may be remembered as a turning point in the uneasy relationship between FinTech and the legal profession. In 2017, many major law firms experienced rapid growth in FinTech practice areas. At many prominent firms, the FinTech group now has dozens of attorneys, who

Blockchain technology is no longer the province of wildcat entrepreneurs seeking to disrupt (read: put to death) segments of the finance industry

see blockchains no longer as a threat but rather as a major new opportunity.

FinTech refers broadly to the interaction of information technology and finance, and its foundational tools—the blockchain and distributed ledger—are intended to provide platforms that make middlemen such as bankers, clearinghouses and auditors unnecessary. Smart contracts, or self-executing computer code that fulfils the promises of one party to another, are meant to make lawyers redundant by automating routine legal transactions such as foreclosures and title searches.

The potential for smart contracts and other aspects of FinTech to diminish the roles of attorneys remains quite real, but at the same time, FinTech creates new legal problems of its own. Smart contracts can sometimes fail to execute as agreed by the parties, or execute autonomously when local law would prohibit them, or continue to operate when unforeseen circumstances

cause both parties to agree to interrupt them. All of these situations can lead to litigation, and law firms are ramping up practices to take advantage. For example, recent press reports indicate that Morrison & Foerster has no less than 70 attorneys affiliated with its Blockchain and Smart Contracts practice group, while Perkins Cole has 40.

The chart below shows a Google Trends index of search activity for the phrase 'blockchain law'. The chart runs from January 2009, when Bitcoin was launched, up to the end of February 2018, and it shows an exponential growth of public interest in the topic. Many of the searches are surely being conducted by people looking for legal representation in FinTech cases. The search level in February 2018 was more than four times higher than the level one year earlier.

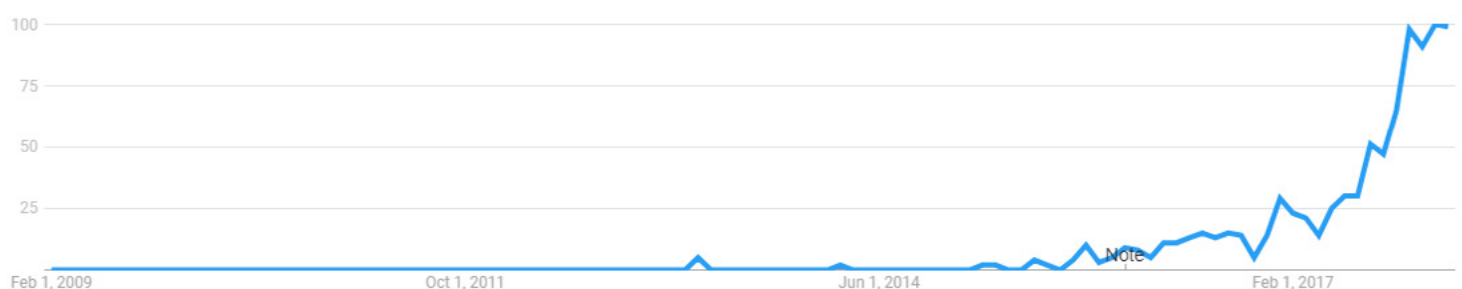
Much of the impetus for law firms to develop blockchain practices has come from the FinTech industry itself. Blockchain technology is no longer the

province of wildcat entrepreneurs seeking to disrupt (read: put to death) segments of the finance industry. Instead, so-called 'legacy' banks and stock exchanges are increasingly seeking to use blockchains and distributed ledgers for efficiency reasons. These organizations have clear reasons to make sure that their blockchain implementations are compliant with state, federal, and international regulations in areas such as banking and securities law.

Several of the large FinTech industry consortiums have invited law firms to become members or formed legal advisory groups that have attracted some of the world's most prominent firms as participants. Last August, for example, the Enterprise Ethereum Alliance announced a Legal Industry Working Group that included Jones Day, Shearman & Sterling and Hogan Lovells among others. In February of this year, the R3 consortium launched a Legal Center of Excellence 'as a platform for the global legal community to get the latest updates and share best practices regarding blockchain technology'. Members included Baker McKenzie, Clifford Chance and some of the same firms already participating in the Enterprise Ethereum Alliance working group.

Three types of cases seem to have emerged as focuses of these firms' blockchain practices.

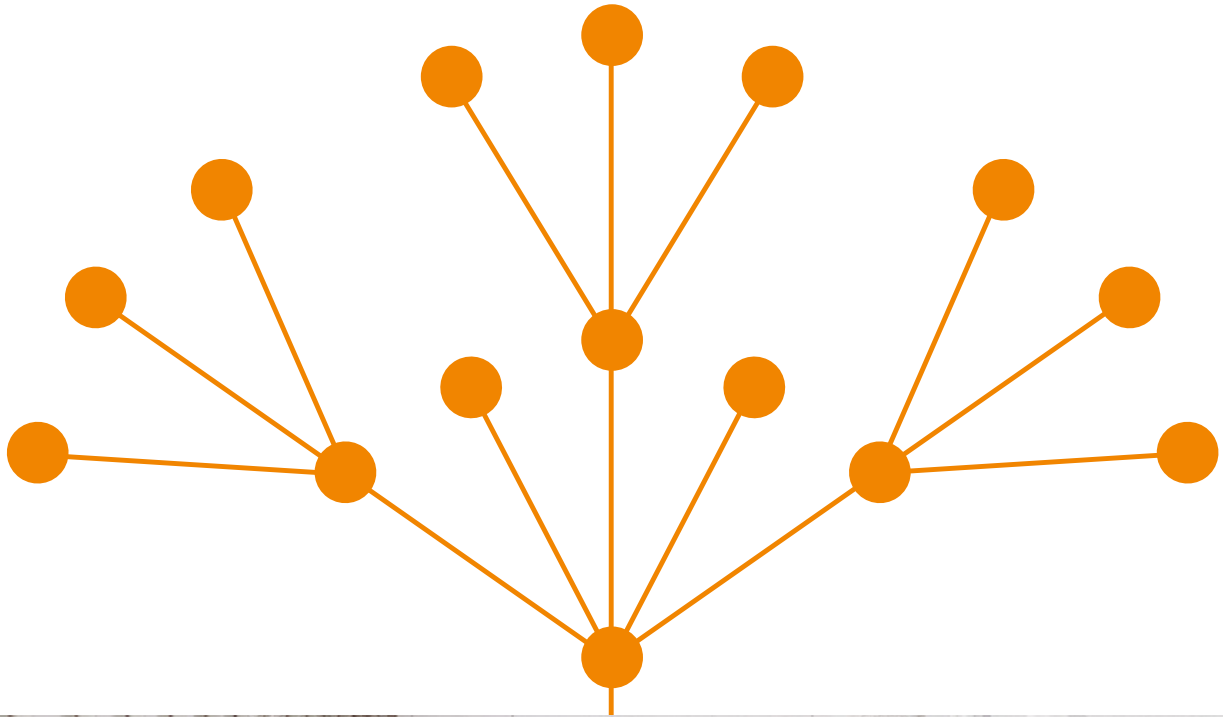
One family of cases concerns routine consumer protection and fraud cases against FinTech defendants such as exchanges or digital wallet providers. A Wall Street Journal report in March 2018 identified a total of \$1.4 billion in investor losses since 2014 on cryptocurrency exchanges that had been infiltrated by hackers who had stolen customer



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assets. Many of these thefts have led to complex litigation, including the seminal bankruptcy proceedings of the MtGox exchange in Japan, which failed spectacularly in 2014. The legal proceedings connected to that case recently entered their fourth year with no immediate conclusion in sight.

A second group of cases are those initiated by government regulators who allege that defendant FinTech organizations failed to comply with existing law in areas such as income taxation or securities regulation. Defendants have often responded by arguing that current law, written years earlier for other purposes, does not apply to blockchains and cryptographic assets, or alternatively, that their organizations exist in virtual space beyond the jurisdiction of regulators.

The flurry of initial coin offering (ICO) cases begun in recent months falls into this category. In early March, the US Securities and Exchange Commission reportedly subpoenaed 80 organizations (including some law firms) in a bid to determine whether ICO sales in which they had participated amounted to unregulated securities offerings. Those inquiries are expected to continue throughout 2018 and will likely lead to at least some, and perhaps numerous, enforcement actions by the Commission. These actions may, in turn, be challenged by the defendants in a US federal court. On a related note, a number of plaintiffs' law firms are participating in class action lawsuits against ICO issuers, whom they allege have defrauded large numbers of customers.

The third and as of now smallest cohort of cases concerns disputes among FinTech companies or investors themselves, often involving novel fact situations that aren't clearly covered by statutes and are unlikely to have any precedent in existing case law. Undoubtedly the largest such case was initiated in February 2018 when attorneys in the prominent firm Boies Schiller filed a \$10 billion claim on behalf of the estate of Dave Kleiman against Craig Wright. The suit alleges that Kleiman and Wright had mined Bitcoins together in January 2009—a time when the mythical 'Satoshi Nakamoto' was just introducing the first cryptocurrency—



and it seeks a share of the current fair market value of approximately 1.1 million Bitcoins that were mined in the earliest days of the project.

For plaintiffs to prevail, they will need to argue that the cooperative mining of Bitcoins—whereby computers around the world guess random numbers at high speeds as part of a competition to solve cryptographic puzzles—is covered by the same legal doctrines as other business partnerships. To Bitcoin enthusiasts, this case drips with irony, since one of Nakamoto's stated goals in creating Bitcoin was removing the need for dispute resolution by third parties.

Given the rise of cryptocurrency into an asset class worth approximately \$0.4 trillion, alongside the near-universal interest of mainstream financial institutions in blockchains as part of their own business models, FinTech law practices seem destined to grow. Law schools in the US and around the world are beginning to integrate FinTech topics into existing courses such as contract, tax, and banking law. They are also launching standalone courses on topics such as digital currency and blockchains. My own course at New York University School of Law, begun in 2014 with my colleague Geoffrey Miller, has grown from about 30 students in its first year to about 220 students today.

The most compelling evidence of the arrival of FinTech law into the mainstream may come from the American Bar Association's (ABA) increasing embrace of the topic. A search of the ABA's calendar

shows three blockchain-related events in March and April 2018 sponsored by its antitrust, intellectual property and criminal justice sections, two of which provide continuing legal education credit for participating attorneys. One of these, the ABA's Blockchain Technology, Digital Currency and ICO National Institute, is now in its fourth year.

David L. Yermack is the Albert Fingerhut Professor of Finance and Business Transformation at New York University Stern School of Business. He serves as Chairman of the Finance Department and Director of the NYU Pollack Center for Law and Business. Professor Yermack teaches joint MBA - Law School courses in Restructuring Firms & Industries and Bitcoin & Cryptocurrencies, as well as PhD research courses in corporate governance, executive compensation, and distress and restructuring.

HOW MODERN KNOWLEDGE MANAGEMENT ADDS REAL VALUE TO THE CLIENT RELATIONSHIP

BY PATRICK DIDOMENICO



To develop a successful approach to knowledge management, firms need to focus on user experience, efficiency and effectiveness.

Knowledge management (KM) was once considered merely a fringe, 'nice to have' addition to law firm service offerings. Today, modern knowledge management is an indispensable part of delivering real value to clients and helping firms achieve their business goals. KM has evolved with new perspectives, expanded roles and advanced technologies, such as artificial intelligence, harnessing data, and providing client-facing applications. This evolution has breathed new life into KM and has made it a thriving 'must have' component of a successful law firm.

Knowledge management has changed

Peter Drucker, the famed management consultant, educator and author, defined knowledge management as

the ‘coordination and exploitation of organizational knowledge resources in order to create benefit and competitive advantage’. This helps us understand the concept of knowledge management, but it does little to help everyday knowledge workers in the practical application of KM.

Over the years, various pundits have tried to describe KM in ways that are informative, but these definitions have still been somewhat lacking in true substance. For example, it has been described as ‘getting the right information to the right people at the right time’ and as ‘who we know, what we know, and how we do things’. These ‘catchy mantras,’ as I call them, further help us understand KM, but stop short of being truly practical and useful.

KM consultant Ron Friedmann’s definition of legal knowledge management is more specific and actionable. He defines KM as ‘the art and science of capturing and re-using legal know-how and identifying colleagues with relevant experience’. Friedmann’s more modern definition provides a sense of the practical side of KM. It helps people understand the activities (capturing, re-using, identifying) that make KM a valuable and actionable endeavour.

Knowledge management is about connecting people with people, connecting people with knowledge and information, and the processes, procedures and technologies required to make those connections

What is knowledge management about?

Even though I prefer Friedmann’s definition of KM to most others, I still try to avoid defining KM whenever I can. I avoid it by addressing what knowledge management is really about.

As I wrote in my book, *Knowledge Management for Lawyers*: ‘My favorite (and primary) way to communicate KM to lawyers... is to speak in terms of connections: knowledge management is about connecting people with people, connecting people with knowledge and information, and the processes,

procedures, and technologies required to make those connections.’

I like the connections approach for several reasons. First, it is easy to communicate to busy lawyers. Practising lawyers have little time to listen to jargon-filled definitions that don’t resonate. They want an easy, meaningful way to understand this otherwise foreign concept. The connections theme is simple and makes sense.

Second, the theme echoes Friedmann’s definition. ‘Connecting people with people’ relates to Friedmann’s point about identifying colleagues with experience. ‘Connecting people with information’ addresses the capture and re-use of legal know-how. Third, and perhaps most importantly, the connections theme, through its emphasis on process, procedure, and technology, empowers knowledge management to become more than it once was. It pushes KM to adapt to new tools and approaches, which provides more value.

Focusing on the user experience is key

One of the relatively new approaches to succeeding with KM is to focus on user experience. Modern knowledge management uses technology tools to

make connecting easier and more lawyer-friendly. It also alleviates pain points in the practice and business of law. In many ways, modern knowledge management is driven by good user experience, and more specifically, by what I call the ‘consumerization of user experience’.

As I wrote in my LawyerKM blog: ‘This idea is similar to the familiar phrase “consumerization of IT,” which refers to people comparing experiences with their personal technology to the experiences they have with technology that they are “forced to use” in their professional lives.’



The popularity of easy-to-use web applications and personal communication devices such as the iPhone have conditioned people to expect a good user experience. Think of how you feel when using a well-designed mobile app to request a ride (e.g. Uber or Lyft), make a dinner reservation (e.g. OpenTable), or browse your social media stream (e.g. Instagram or Facebook). Contrast that feeling to using the clunky, confusing, bloated and antiquated software in the office. Why can’t finding information at work, for example, be as easy as finding information using Google on the web?

Providing functional, well-designed tools, such as intranets, extranets and enterprise search engines, gives users the high-quality experience that they get from everyday websites like Facebook and Google.

Efficiency and effectiveness

Most KM conversations end up in discussions focused on efficiency—the ability to achieve maximum productivity with minimum wasted effort or expense. This makes sense, since we want KM efforts to provide the greatest value to our clients and law firms. If we can implement a new procedure or employ a new technology that cuts the production time of a legal task from four hours to two hours, for example, we can pass along the time savings to our clients and we have doubled the value.

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If the lawyer is working on a fixed fee arrangement, then the time saving manifests itself as pure profit to the law firm. Only an unscrupulous attorney would avoid a more efficient approach, reasoning that fewer hours billed results in fewer dollars paid by the client.

But efficiency is only part of the equation. Effectiveness is just as important. While efficiency is doing things right, effectiveness is doing the right things. With limited time and resources, we need to be selective when it comes to choosing what projects to pursue. As I tell my staff, we can do anything, but we can't do everything. We must choose to do things that have the greatest positive impact and are most closely in line with the firm's strategic goals.

In one of my favorite books, *Essentialism: The Disciplined Pursuit of Less*, author Greg McKeown illustrates the trap of trying to do too much. It's like 'making a millimeter of progress in a million directions,' he writes. This leads to many unfinished projects and mediocre

(at best) solutions. Instead, if we truly prioritize and focus only on the most important projects, we will create a few great things that will create real value for clients and the firm. First seek the right things (effectiveness) and then seek to do those things well (efficiency).

One example of the need to seek effectiveness before efficiency comes from the recent explosion of artificial intelligence (AI) startups, all of which promise world-changing results. There are several AI-powered legal research tools (e.g. ROSS Intelligence) that seek faster and better identification of relevant case law. On the other hand, there are AI-powered tools (e.g. LegalMation) that help with the automated production of legal documents, such as pleadings and discovery requests. With limited resources, one may need to decide which delivers greater value. The incremental impact of faster and (arguably) better legal research results may be important, but reducing document production time from four hours to four minutes may have a greater direct impact on the bottom line.

Conclusion

Modern knowledge management is full of potential and possibility. By expanding the scope of KM, focusing on user experience and prioritising our efforts, KM can provide increased value to clients and law firms. I look forward to discussing these (and other) knowledge management topics at Lexpo in Amsterdam in April. I'll be giving a presentation on modern knowledge management and joining a panel with other KM experts to discuss dynamic knowledge management in the legal profession.

Patrick DiDomenico is a lawyer and chief knowledge officer at US law firm Ogletree Deakins. He is the recipient of the 2013 ILTA Knowledge Management Professional of the Year Award and author of the book 'Knowledge Management for Lawyers', published in 2015 by the American Bar Association.



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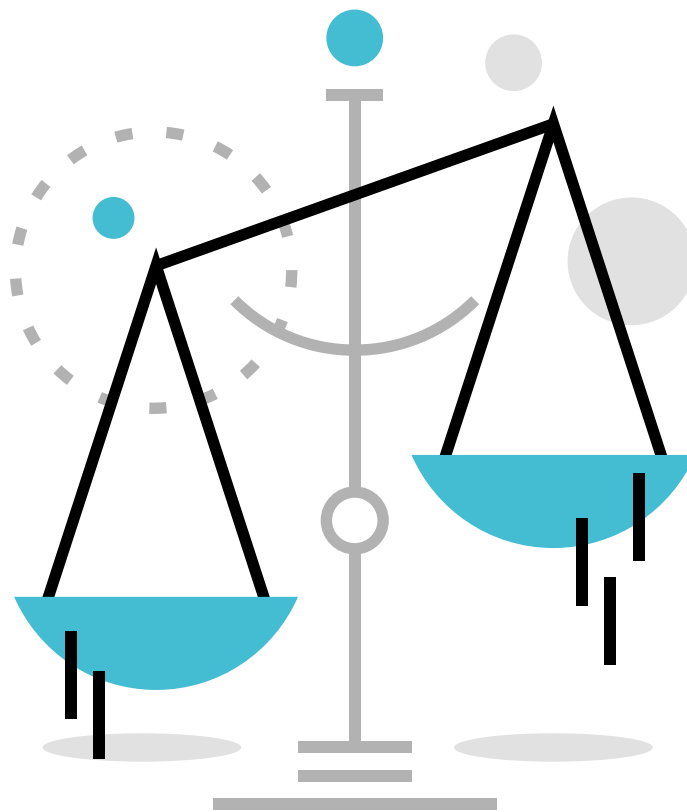
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THE VERDICT



TODAY THE TABLE IS FULL OF PARTNERS AND ASSOCIATES AND SELECT OTHERS. WHEN AI ‘ARRIVES’ AT A LAW FIRM, HOW DO THOSE SEATS AT THE TABLE CHANGE? HOW DO YOU ENVISION THE LEGAL TEAM OF THE FUTURE CHANGING?

The members of our expert panel offer their views on what law firms will look like in the future AI-enabled world.

**Ron Friedmann**

Partner
Fireman & Company

I've long thought that for law firms to deliver more value to clients, they must work more effectively across disciplines. It's not just about the law anymore. In the past, economists, communications specialists and a range of expert witnesses contributed to legal solutions. But it was incidental, not core. Skills beyond law are rapidly becoming core to legal service delivery. The outlines of that are already clear, with some firms hiring data scientists and AI specialists. Increasingly complex business and legal problems mean this trend will continue—and likely accelerate.

Law firm talent wars today seem myopically focused on lawyers. The challenge of recruiting top legal talent pales in comparison to hiring top AI and data science talent. Both fields are growing explosively but the talent is not. Firms that want to win the war for that talent—even for consulting support—must eliminate the caste system. They must banish not just the term 'non-lawyer', but also the thinking and feeling behind it.

**Noory Bechor**

Co-Founder and CEO
LawGeex

The use of AI is no longer on the horizon—it has arrived. Most large legal departments we speak to are already actively using AI, whether in reviewing contracts, mining documents in discovery and due diligence, answering routine questions or sifting data to predict outcomes. The quality, accuracy and speed of AI and the sophistication of the

companies in the sector continue to grow and they are already making lawyers more strategic and effective. In the very near future I want to see—and firmly believe we will see—every in-house team having an AI team 'member' they rely upon to help them carry out all legal tasks.

**Edward Chan**

Partner
Linklaters

Although law has traditionally been a conservative profession in terms of the adoption of new technology and changes to ways of working, the new technologies that are becoming available to lawyers (including but not exclusively relating to AI) have the potential to be revolutionary in terms of how we deliver services to clients. As the technology develops, and wider trust in it grows, there are clear opportunities for its use by legal teams not only to automate the more laborious and repetitive tasks within the profession but also to support them in

more complex areas such as identifying risk and answering regulatory questions. It is not a case of legal teams being made up of solely traditional lawyers or 'AI-enabled bots'. Each brings different strengths. Enabling this synergy of working together and bridging the gap between the different languages of legal knowledge and technology is where we will see new skills developed and opportunities identified.



Oz Hussein Benamram
Chief Knowledge Officer
White & Case

The legal team of the future will be broader in its composition and more collaborative in nature. Legal project managers and legal technologists will continue to rise as integral and client-facing components of a transactional practice matter team, as we have already seen in the eDiscovery space. Lawyers on these teams will be more attuned to the value of quality data in their work product and workflow, and more informed about the ability to leverage AI tools to develop insights from this data.

The role of junior associates will change, as their traditional tasks are the focus of automation and AI-powered tools. This is

good news for associates. They will move faster to higher-value work, obtaining much of their training and guidance from information provided within these tools, rather than from their supervisors.

Finally, legal teams will have more 'external' members than today, as matter teams leverage consultants, managed services and on-demand resources to scale up as necessary to meet client demand. As a CKO whose team works on the forefront of these innovations at the firm and with our clients, I'm looking forward to it!



Sally Gonzalez
Senior Consultant
Fireman & Company

drafting and case management. Less likely targets in the near term are interactive, human-facing activities such as client communications and advice; negotiations and court appearances; and judgmental work such as legal writing based on the interpretation of facts.

If this vision becomes reality, how might it shape the legal team of the future? Clearly, there would be fewer associates and paraprofessionals, and therefore a higher ratio of partner time. And there would be new faces at the table with new skills and hopefully new billable hours to contribute. For example, data scientists and data analysts would understand both the facts of the matter and the data available and generate data to support the arguments posited by the matter team.

Similarly, AI specialists would understand the products in the AI toolbox, know which ones to apply to the matter and possess the technical skills needed to train the tools to produce the optimal results. In the case of automated drafting, document automation specialists would create or refine customized solutions to fit matter needs.

Most importantly, the AI-enabled partner of the future would work quite differently. Instead of tasking people to do work, the partner would ask AI tools to do

selected tasks. Imagine the existence of the legal equivalent of Alexa that a partner could verbally instruct to perform a specific research task or find and email specific case law. Imagine a partner in court presenting legal arguments based on information produced by AI tools and needing to be able to speak to the defensibility of the process and tools used to create that data. What does this say about the skills of the successful partner of the future?

These changes would turn the traditional legal service profit model on its head. Leverage would be based on a higher ratio of partners to associates and paraprofessionals and the addition of new specialists to the team. At the same time, capital and operating costs could well increase due to higher technology investments and operating costs for AI tools. The big question for the future is: 'How can law firms continue to make a profit in the future AI-enabled world?'

If this vision is in any degree accurate, how will this transformation influence time and billing systems, cost recovery systems, traditional e-billing business rules and other artifacts of our current reality?

Despite the recent hype and scaremongering in the press about AI spawning an army of robot lawyers, cooler heads predict a more realistic near-term vision of the 'AI-enabled' lawyer. In this vision, so well-articulated by Remus and Levy in their insightful white paper *Can Robots be Lawyers?*, AI tools will increasingly perform many routine legal tasks now performed by legal professionals. The practical targets are task-focused work that is currently heavily reliant on associates or legal assistants, such as due diligence, legal analysis and strategy, legal research, routinized document



Christina Blacklaws

Vice President
(President from July 2018)
Law Society of England and Wales

How to effectively harness technology is one of the great challenges currently facing law firms and legal businesses.

Technology will continue to improve the efficiency of processes in firms. We have to acknowledge that some legal work involves tasks that could be better performed by computer algorithms and mechanisms than by the human mind.

The role of a solicitor will need to adapt to a modern marketplace, where clients' expectations are rapidly evolving. Changing market conditions and innovative ways of delivering our services are not new and I am confident that solicitors' businesses will be able to successfully embrace new technologies and thrive in the new world order. It is our role at the Law Society to support the profession in this.

To this end, we will be providing guidance, information, roadshows and access to new technologies. We want to empower solicitors to make fully informed decisions about technology and their business. I doubt there will be a 'one size fits all' solution.

We also have an important public interest role in helping to address the wider societal issues of the impact of technology. We will be setting up a legal technology and policy forum to convene academics, technologists, lawyers and ethicists to address pressing legal and ethical challenges created by technology.

The Law Society will be doing all we can to help the profession and the public adopt, adapt and thrive.



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