INNOVATE ...

BEFORE IT'S TOO LATE

The reinvention of legal KM

Where next for the legal sector?

What's happening at DW Reporting?

THE LEGAL
# INNOVATION EVENT

📅 **April 21, 2016**

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D. Casey Flaherty   **Ari Kaplan**   **Chrissie Lightfoot**   **Daniel Pollick**   **Richard Bejtlich**   **Chris Bull**
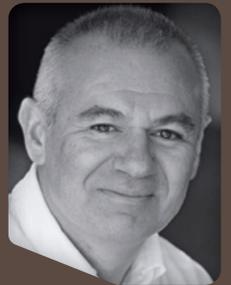
Lexpo brings together international top speakers from the legal industry, European legal heavyweights from leading law firms and in-house legal departments as well as plenty of suppliers of innovative products and services.

THE LEGAL INNOVATION EVENT

Lexpo

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LEGAL IT TODAY

From the **editor**

Welcome to Issue 13 of Legal IT Today!

This is a busy time for Legal IT Today as we prepare for Lexpo, our legal innovation event. It will bring together top international speakers from the legal industry. If you want the latest news and views from the big European names at leading law firms and in-house legal departments, along with many suppliers of innovative products and services, book your ticket now! It's all happening in Amsterdam on 20-21 April.

One issue that is bound to be discussed at *Lexpo* is how law firms can do more with the data they have and use it to improve their business. It's a bit like one of those questions that torment football fans – how can managers get better performances, and therefore results, with the players at their disposal?

Dan Wales wanted the law firms he worked for to do more with their data. Eventually, he became so frustrated at their inability to do so that he decided to strike out on his own and create DW Reporting. Established just a few years ago, the company is growing fast, clearly illustrating that many firms need help with their data. In our vendor profile, Dan explains the fundamentals of the DW Reporting approach.

Casey Flaherty explores a similar theme in this issue. He has some great ideas for how firms can help their employees to get more out of training. If their skills are assessed, he argues, then it is less likely they will be forced into training they don't need. And if they are encouraged to do as much as they can with the technology available to them, rather than just master the basics, they become much more of an asset to their organisation. You can hear from Casey at *Lexpo*, where he will be analysing how clients and law firms can work together to improve legal service delivery.

Knowledge management (KM) is another area where law firms are seeking to do more with what they have. The more innovative firms, says Stephanie Abbott, are recognising the latent opportunity their professional support lawyers and KM professionals represent. As part of redesigning their structures, they are tapping this potential – reinventing the traditional KM function and (in some cases) reinventing traditional KM roles to make better use of the skills and expertise locked within.

Zylpha's Tim Long believes that successful use of legal IT does not depend entirely on acquiring all the newest, latest whizzy kit. Firms also need to make sure that the technology they have is being used effectively throughout the organisation. In other words, it's not what you have; it's what you do with it that counts. Many of Tim's conclusions are based on the research carried out for Legal Landscape 2016, a report published by Zylpha that looks at the issues affecting law firms' IT and case management experience.

Kathryn Hume believes that artificial intelligence (AI) tools like deep learning, which involves "training" a computational model so it can decipher natural language, have the potential to elevate IT to a true partner in the business. She asks how law firms might apply deep learning in practice and assesses the practical and ethical considerations they have to consider. Her analysis builds on the introduction to deep learning she provided for us in our previous issue.

The big AI news so far this year is of course the defeat of Go legend and world champion Lee Se-dol by a machine, DeepMind AlphaGo. Legal futurist Chrissie Lightfoot believes there is a possibility, in theory at least, that AlphaGo could become "AlphaLaw" – a machine that could learn through practice and study to become a world champion lawyer. It's a future we need to prepare for now, she argues, by adapting to the changes we can already see around us.

Innovative business structures are still are hot topic in the legal world, and Chris Bull has provided an update for us on what has been happening in the last 12 months or so. Some alternative business structures have had a difficult year, but new ones are being formed all the time, and Chris believes that the disruption of traditional business models is set to continue. This is a topic he will be returning to in his presentation at *Lexpo*.

Just as the business models of law firms are changing, so is the status of IT within them. This was highlighted in 2015 when Duncan Eadie, IT director at Foot Anstey, was invited to become a partner at the firm. In this issue, Duncan offers his thoughts on how the legal industry has changed in the last 20 years or so and argues that more IT directors are likely to become equity partners as the sector becomes increasingly dependent on technology.

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*!

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What's happening at
DW Reporting?

BY JONATHAN WATSON

In January 2016, DW Reporting announced growth of over 250% for the third successive year – placing it firmly in the 'fast-growing startup' category. Jonathan Watson spoke to managing director Dan Wales about the story so far.

Why did you set up DW Reporting?
Out of pure frustration at working internally at a number of law firms. Everywhere I worked, I saw the same issue; law firms were struggling to make sense of the business data they had across the enterprise. They were also finding it very difficult to automate and streamline the delivery of that data, both internally and externally. A lot of law firm reporting processes were manual, repetitive and quite arduous. I knew there was a better way of doing things.

I set up DW Reporting with the sole focus of enabling law firms to be driven by data. We as an organisation firmly believe that data is every law firm's biggest asset. We want to help firms leverage this asset and deliver it to the business in an easily digestible format, which in turn can be easily interrogated and used to make effective business decisions.

We've made exceptional progress since our inception and last year we launched two new services, 'Assign' Managed Reporting and 'Evaluate'

Matter Budgeting and Pricing, alongside our flagship 'Quantum' Business Intelligence solution.

What do you do for your clients?
Our process follows a number of key steps, which always starts with the end goal: analytics and visualisation. We work with law firms to understand the user roles they have within the business and the content they want to digest to help manage their performance effectively. Once this is agreed, we bring a blank page approach to ▶
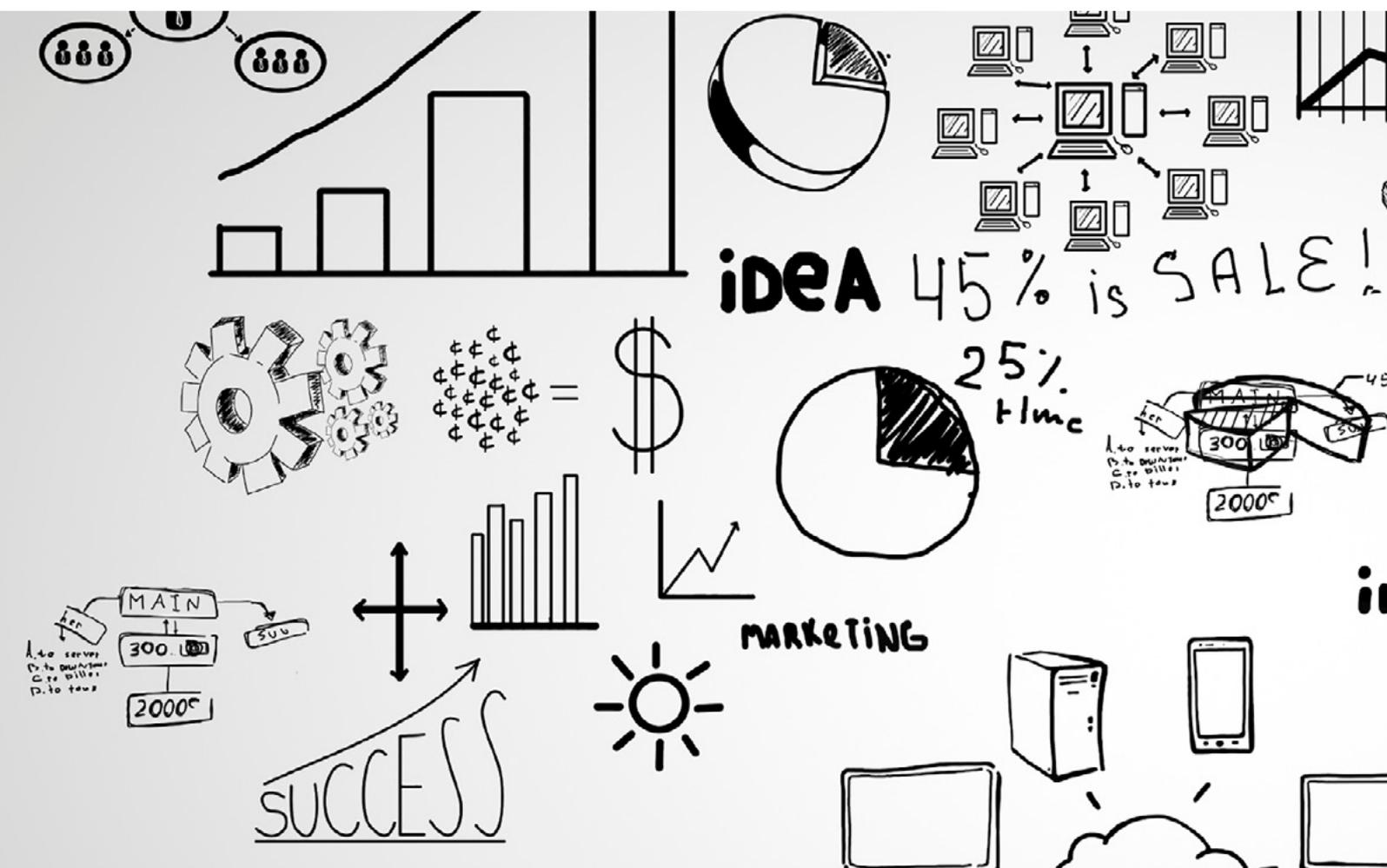
our visualisation and put together a design to meet that client's needs which incorporates the content and functionality they want to include.

We then go right back to the beginning of the cycle, and analyse where this information is stored. What information repositories or data siloes does this data reside in within the law firm? Is it held internally or externally? Is it in a business system? Is it just in an Excel file? Is it structured or unstructured? When we've figured that out, the fun really starts, because we can start to integrate the data and bring it together.

That's when you really start to see data come to life as business information. It can be transformed (where applicable) and managed via optimised data warehouses, architecturally designed specifically for reconcilable, fast and effective self-service multi-dimensional reporting and analysis.

The ambition that drives all of our solutions is to enable firms to make the best use of the information they already

Many vendors build cars with nice engines, but they don't build good dashboards that tell them how those engines are performing, or where they are going!

have. They invest a large amount of money in transactional systems and legal applications. It's always difficult to extract that data coherently, because the vendors don't necessarily focus on that side of things. They build cars with

nice engines, but they don't build good dashboards that tell you how those engines are performing, or where they are going! That's where we come in. We leverage the masses of data that these transactional engines have provided and give law firms the ability to analyse it, gain meaningful insight and run their businesses more effectively.

Does the legal sector struggle with IT more than other sectors?
I wouldn't say that, but with lawyers, their time is very limited, so the user experience is crucial. They have to recognise immediately that they are getting a business benefit from the system they are using. Law is becoming an increasingly competitive marketplace now, and from a lawyer perspective, it's no longer satisfactory to look at your chargeable hours and see your utilisation trends. You have to look at your performance within the business in a wider context. You have to price effectively, analyse your matters and look at your clients, as well as monitoring individual/team performance and contribution – all quickly and intuitively.

What are the benefits of working with Microsoft technologies?

This was a strategic choice for us, for two main reasons. Firstly, Microsoft are continuing to make a huge investment in their business intelligence platform, both with SQL Server BI tools and more recently with a product called Power BI, which is a more Excel-based end user analytical tool. Secondly, and more importantly, a lot of firms have invested in Microsoft strategies from a software licensing perspective, so most law firms have the technologies that we're already working with deployed and installed in-house.

Do you hope to bring a consumer-grade experience to the enterprise?

Our key objectives are agility, simplicity and the self-service consumption of data. By agility, we mean being able to deliver a solution, rapidly and pain-free, that meets the aims of a project. More importantly, it also means being able to respond when a law firm changes. The business of law is a fast-moving environment. It's no use if we just plug our solutions in, come back two years later and find the firm stopped using them after six months because they didn't fit the business's needs any more. Our solutions have to be agile both in terms of delivery and in terms of their ability to update and respond to business change.

By simplicity, we mean our dashboard should be simple and intuitive, so end users can easily navigate, digest and explore the data sets we provide. When you use an iPhone, MacBook or a PC these days, you rarely read the manual. You just turn it on and you know how to use it. Our solutions are like that. We don't want everyone who uses them to have to attend a training programme.

In terms of self-service consumption of data, we can eradicate the bottlenecks of having to go to the finance or IT department, or having to wait for a weekly or monthly report to be distributed, often after the event and too late, to find out what's going on. Our dashboards are pro-active and deliver in real time, but with the right level of data to allow users to gain access when they need to, at any hour of the day, on any device, in a clear format. Users should only need to come to the data specialists for clarification or advice. Improving self-sufficiency significantly frees up the finance team and the IT team to analyse and be proactive with the data they have, rather than getting trapped 'living in Excel'.

What has been the biggest challenge for you as a startup?

Resourcing has probably caused me the most sleepless nights – making sure we've got the right people available at the right time for our client needs – and pipeline. Clients at that first pitch are often so impressed with our offering they are eager to start 'tomorrow'. I have to manage expectations and explain that we can't operate like that as a small business. However, as we have grown, the management of 'time' has become easier with experience, and more importantly, with effective communication.

What should we watch out for from DW Reporting over the next year or so?

We'll be opening a North American office in March 2016 and looking to take our success to the other side of the Atlantic. This was initially triggered by demand from North American clients. We've had no funding, we've grown the business organically, we don't owe anyone any money – we don't even owe ourselves any money – so we're in a very healthy position financially.

We have re-invested in R&D and will continue to streamline and enhance our product portfolio. We want to be the best at what we do, and we have a great team who share our vision and commitment. A big investment currently being made is in version 2.0 of our Evaluate matter planning and budgeting solution. It's a complete rebuild using Web app technologies, a groundbreaker, which will reach general availability in late April 2016. A big focus has been on the user interface, and it is very impressive.

We now have 10+ members of staff and over 50 clients, in Europe and elsewhere, with 26 new clients added last year. They are not just law firms; they are also legal vendors who we work with to enhance their analytical offerings. We plan to continue this growth and consolidate our status as legal BI market leaders in Europe and elsewhere. ◢

You need a systematic, **systemic and strategic approach** to technology training

BY D. CASEY FLAHERTY

Assessing people's skills helps them avoid wasting time getting training they don't need, says D. Casey Flaherty. And if they are encouraged to do as much as they can with technology, rather than just master the basics, they become much more of an asset to the organization.

Lexpo Speaker

Technology is not magic. We are not yet at the point where enterprises invest in technology and "it just works". Lawyers and staff are not magicians. People, including young people, do not instinctively know how to use the enterprise technology made available to them. We want a self-driving car, but we get a Ford Fiesta. This is a perfectly serviceable machine, but one that requires precise user inputs to function properly.

Due to the lack of instant automaticity, properly integrating technology into the enterprise workflow often demands an order of magnitude more investment in organizational capital – process redesign, personnel and training – than was invested in the technology itself.

One challenge attendant to the foregoing – a case I laid out in the first part of this article in Issue 12 – is that traditional technology training is terrible. Lawyers and staff have good reasons to loathe it. This awfulness is not the trainers' fault. The constraints within which trainers are asked to work are untenable. Thirty minutes to a few hours to transmit a high volume of technical skills to a disinterested audience with divergent baselines is a recipe for failure. However, while the problem is troublesome, it is not intractable.

Time ≠ Skill Acquisition

Currently, training is mostly something to be endured. Within our organizations, and within the profession of law (e.g. continuing legal education or continuing professional development), we usually measure training by the amount of time spent. Yet time in a classroom or watching a video is no guarantee that the trainee will really learn anything, especially with the siren call of smartphones and email ready to direct their attention to more urgent considerations. We don't actually care about time. We care about the skill itself.

Every professional organization needs to become a learning organization as a matter of basic survival

Instead of using time as a poor proxy for learning, we should measure learning directly. Whatever it is you are trying to teach, and however you are trying to teach it, a competence-based assessment should be used to determine whether the skill has been acquired. The empirical question of whether trainees have the requisite skills is an important one, because while time is a poor indicator of learning, it is still a cost. Wasting time on training that does not work can only be avoided if we know whether or not the training works.

Time-saving, tailored training

If you simply tell people you are going to assess their skills, you will engender anxiety. If you tell them you are going to subject them to training, you will annoy them. The latter sentiment can be used to make the former more palatable. Telling people that you are going to permit them to test out of training they do not need alters their perception of the assessment. The same 60% score on a diagnostic assessment can be presented as either (a) abject

failure or (b) the trainee successfully testing out of more than half of the follow-on training.

Beyond the psychological impact, letting people test out of training is a good idea on its own merits. It reduces training time and focuses training resources on areas of need. A diagnostic assessment solves two different information problems, because it informs both the trainee and the trainer what the trainee needs to learn.

One of the biggest problems for trainees is that, typically, they don't know what they don't know. As a result, they labor under delusions of adequacy and are not motivated to seek training. It therefore does little good simply to make optional training available or wait for them to ask a trainer for help. They don't know that they need to ask, let alone what to ask for.

Trainers, likewise, have to guess what trainees already know and risk either (a) boring the trainee with already familiar

material or (b) losing the trainee by straying too far from the trainee's circle of competence. Diagnostic assessments avoid these pitfalls. And a subsequent certifying assessment confirms whether the tailored training was successful.

Beyond the bare basics

Training tailored to areas of need is advisable, in part, because it is economical. Why force people to endure training they do not need? But be wary of the temptation to define need too narrowly. The first goal of training should be to ensure facility with the tools the trainee needs to do their job well. You want them to be able to meet the day-to-day demands of their position. But a secondary goal is to create familiarity with the tools that extends beyond the immediate.

As modern enterprise tools are so deep, few trainees are going to learn every feature. But because the tools are so deep, there are benefits to training users to have a general understanding of the tools' capabilities. Through training, the user may not only ▶

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develop instant recall for those features that are used regularly but also an impression of what the tools can do in situations encountered down the road.

The virtue of general familiarity, as opposed to immediate facility, is most obvious for those who are rising through the ranks. As a person's position graduates from doing to delegating, their need to perform precise user inputs fades. But delegation does not relieve them of responsibility. Proper delegation means proper oversight, which entails the delegator having appropriate expectations for how a delegated task should be performed and how long it should take. Appropriate expectations do not require the ability to complete the task oneself, but do demand some familiarity with the technology being used.

Familiarity also lays the groundwork for fluency and fluidity. A fluent end user knows enough to figure out what they have partially forgotten or were never taught directly in the first instance. The fluent user shifts from a brute-force mentality to a there's-an-app-for-that approach. When encountering a new problem, they look first for a labor-saving, technology-enabled solution. Our users need to be fluent because we expect them to be fluid. They should be able to transition to new assignments, cover for their colleagues and meet new challenges because they have developed the tech baseline necessary to adjust, adapt, and acclimatize.

Learning organizations
"The technology is the easy part." As the director of Xerox PARC, John Seely Brown was a primary architect of the future, inventing things like the graphical user interface, the mouse, and Ethernet. But he shifted from technology development to human development because he realized that we lack the learning infrastructure to handle the ever-increasing influx of new technology.

Brown estimates that the half-life of a learned skill used to be 30 years. If you graduated from school in 1955, the world had mostly moved beyond your original skill set by 1985. Today, the half-life of a learned skill is five years. Because of the accelerating returns to technology, we constantly need to refresh our skills and learn new ones. As a result, every professional organization needs to become a learning organization as a matter of basic survival. A systematic, systemic and strategic approach to technology training is currently an advantage. At some point, it will become a necessity.

D. Casey Flaherty created the Service Delivery Review (formerly known as the Legal Tech Audit), a strategic-sourcing tool that drives deeper supplier relationships by facilitating structured dialogue between law firms and clients. Formerly in-house counsel at Kia Motors America, he is the founder of the consultancy Procertas.

The reinvention of **legal KM**

BY STEPHANIE ABBOTT

Knowledge management (KM) is moving from a general, more tacit and unspecified value proposition to a far more specific, practical, client-driven approach, says Stephanie Abbott.

L egal KM is changing fast (as it should). KM functions have been part of the landscape for larger firms for decades now, and the tools and services they provide have become part of an accepted standard of working. But right now, legal KM is having a "moment".

In many firms and geographies, the legal KM function and the roles associated with it are undergoing a metamorphosis and a renaissance. The approach to legal KM is being reinvented – its strategy, focus, values, structures, roles, governance, activities and metrics.

There are several drivers behind this. They include moves towards greater client focus across all firm functions; functional overlaps between KM and process engineering; and (for many) the perception of a latent opportunity.

Coupled with these conditions, there is a market-driven and seemingly unprecedented willingness by many firms to reject traditional firm support and service delivery structures in favour of a more flexible, client-driven and responsive organizational design. As part of this, KM people and skills are being integrated into new, cross-disciplinary structures – reducing friction

and removing barriers to collaboration, service optimization and improvement.

The evolving KM function
The evolution of the professional support lawyer (PSL) role is one illustration of this process. In the mid

to late 1990s, many firms created PSL roles. The scope of these roles varied enormously in practice, but there were some common themes:

- developing consistent, quality assured content for internal and external use/re-use
- developing junior lawyer proficiency (usually through formal training)
- handling technical legal queries
- facilitating current awareness of legal developments
- producing client content such as legal alerts
- facilitating person-to-person knowledge transfer
- assisting with knowledge-related systems uptake.

These roles were often filled by lawyers stepping across from fee-earning roles, bringing with them significant practice-specific experience and technical expertise. This model of the PSL role has been prevalent ever since.

Over that time, many PSL roles – especially those with energetic, creative and technically proficient incumbents – have experienced steady scope creep so they include:

- practice-based lawyer mentoring and coaching (informal)
- participating in technology projects as design proxies for fee-earners or clients
- stress-testing new systems and processes before they are deployed to fee-earners
- involvement in information management
- client-facing training and content development
- involvement in project management
- involvement in process mapping
- involvement in client "value add" services
- involvement in risk management and quality control
- involvement in records management
- maintenance of client information
- internal and external relationship building
- acting as a "hub" for internal information flows and making relevant connections across projects and teams
- intranet or website maintenance and more….

However, for many PSLs and their managers, a significant proportion of these day-to-day activities – while appreciated informally – have not been properly recognised through formal reporting or reward systems. This has limited firms' ability to adopt a structured approach to developing proficiency in these areas and to consciously deploy these skills where they are needed most.

Knowledge staff are becoming more active participants in the overall client relationship

Although the focus for firm differentiation has now shifted to service delivery (rather than quality and expertise) – the "how" as well as the "what" – "traditional" KM approaches still have a role to play in quality assurance through content and lawyer development. However, the relative importance of these activities, compared to those that fundamentally influence client value and the client experience, is changing.

More innovative firms are recognizing the latent opportunity their PSLs and KM professionals represent. As part of redesigning their structures, they are tapping this potential – reinventing the traditional KM function and (in some cases) reinventing traditional KM roles to make better use of the skills and expertise locked within.

Among other things, this is seeing traditional KM roles redeployed to focus more closely on some or on a combination of:

- legal project management
- legal process engineering (as either an internal efficiency task or an externally facing service offering)
- technology solutions
- organisational development and change
- data analysis (financial and non-financial). ▶

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These reinvented roles are being deliberately positioned side by side with other disciplines, particularly technologists, business analysts and data and design specialists. This accelerates cross-pollination, facilitates collaboration and helps with acquiring new skills and learning. Some examples include DLA Piper's Legal Service and Quality function that integrates knowledge with other disciplines in order to meet particular client service outcomes; Linklaters' Client Knowledge and Learning function; and the well-established close relationship between Clifford Chance's Continuous Improvement initiatives, knowledge and other disciplines.

Implicit in these newer structures is a recognition that the required skills and attributes are most effective when integrated into the right team and acceptance that the complexities of effective legal innovation, client service design and transformation are beyond the capabilities of just one role or function in isolation.

New relationships (external and internal)
One of the major shifts concerns the degree of direct client interaction and exposure for KM staff. This is part of a more subtle but fundamental shift in expectations of who is part of a client relationship. The increasing visibility of support roles, including KM roles, beyond the "back office" is being driven by client demand, and many firms are now realizing that being "client-ready" is an important characteristic of some personnel within these functions.

In addition, clients are no longer as impressed with standard, cookie-cutter value-add services. Instead, they are seeking to optimize their operations and external engagements. They are looking for services that deepen the value of their existing spend, rather than thrown-in extras. Knowledge staff are increasingly participating directly in these client-facing engagements; it is a natural progression from internal "client engagement" processes.

There is demand for them to share and apply their own specialist knowledge, so they are becoming more active participants in the overall client relationship. This shift is challenging for the structures and expectations within
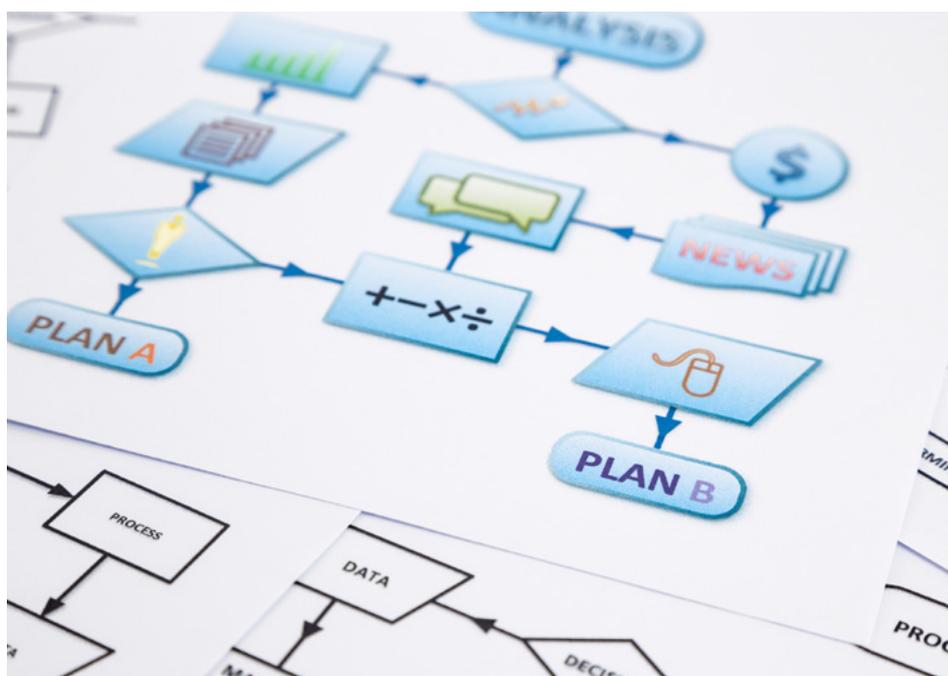
law firms, and has the potential to create friction that must be carefully and sensitively managed.

Disruption or enablement?
For those firms that see current market conditions as enablers to new service opportunities, there is an opportunity to make use of the inherently entrepreneurial bent of many KM specialists. While previously these tendencies have been reserved for opportunistic strikes – being able to recognise and act upon that moment when an idea's time has come – they can now be deliberately deployed to focus on innovation, with proper structure and control, working in combination with other professionals.

It is also an opportunity to formalize, hone and deepen design capabilities developed (often unconsciously) while engaging internal clients. These skills are being put to work within new cross-disciplinary work structures designed to incubate innovation and reduce friction.

Process focus
Knowledge is about reconnecting knowledge content with process integrity or process improvement. In some senses, this means legal KM is getting back to its roots. This means renewed discipline around value in context and less tolerance for compromise to accommodate different tastes. It means moving from creating content that approaches, but never quite attains,

perfection or completeness to creating content that is engineered specifically for use as part of a defined process. This gives welcome precision and focus to content development and reconnects it to tangible, practical outcomes.

Knowledge is moving from a general, more tacit and unspecified value proposition to a far more specific, practical, client-driven approach. This is coming about through increasing integration of KM focus and capability within functions focused on legal project management, legal process improvement and client-facing innovation. KM is no longer seen as a separate activity with its own discrete (and possibly unspecified) benefits, but as an important component in a more practical, integrated and outcomes-driven approach to service design and delivery.

Stephanie Abbott is the leader of Janders Dean's Asia-Pacific Knowledge Management & Innovation Practice. She has been working with law firms and in-house legal teams in the areas of knowledge management, process improvement, technology and learning for over 13 years, and combines deep experience in her field of expertise with a strong commercial and practical sense. Stephanie started her career as a practising lawyer, and has held senior organizational development and knowledge management roles in major international law firms such as Mayer Brown and Gilbert + Tobin. ◢
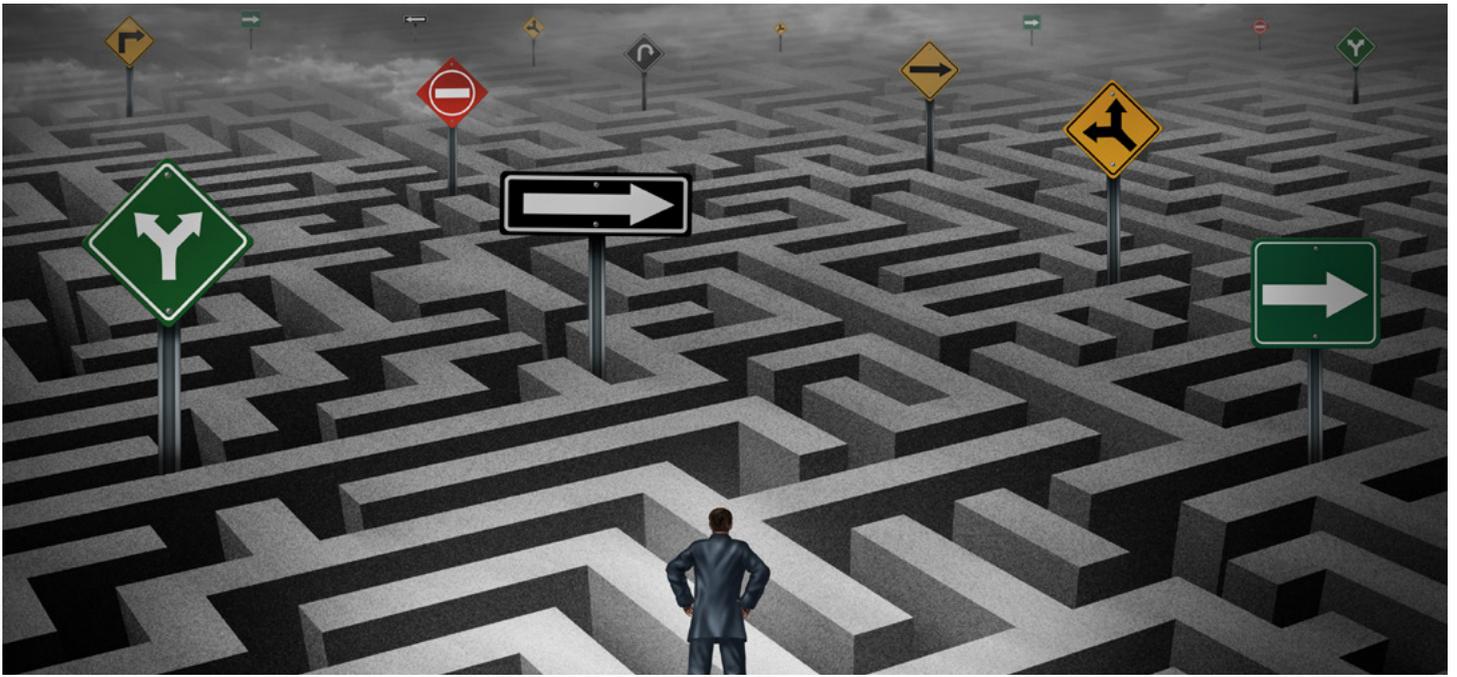
Beyond the silo:

where next for the legal sector?

BY TIM LONG

Innovation at law firms is not all about getting the latest technology, says Tim Long. It's about making effective, enterprise-wide use of technology.

As law firms seek to boost profits and meet ever-increasing client demands, there is a growing trend for legal IT departments to develop and implement greater efficiency gains. From speaking with our clients and prospects, the message is clear: evolve now or become irrelevant.

But what are the potential solutions that law firms (and local authority legal teams) have started to consider in 2016?

Innovation is not the answer if it's kept in a silo

Before we begin, let's take a minute to remind ourselves that it is the clients who should be the primary focus of innovation. Law firms are in the people business, as it is the clients who pay the bills. And yet too much is made of technology that does not improve a practice's relationship with its clients. In their quest to differentiate themselves from their competitors, some firms have started to use any recently developed innovation they can find to persuade potential customers to choose their services.

Our biggest problem with this kind of innovation is that we end up constantly and inexorably searching for more technology advancements irrespective of their impact on client service. That just leaves us with a series of expensive solutions that all too often have not been utilised across the organization as a whole. They tend only to be really used within specific siloes or territories within the practice.

This isn't a criticism of law firms. Solutions that work well in mergers and acquisitions, for example, might simply never make their way to other departments if they are based on a different floor, in a different office, or even in a different country.

This is primarily because innovation is perceived as expensive, and for this reason there is often a reluctance to roll it out across the entire organization (or at least to as many departments as possible). However, the real benefits

of many technology solutions are only fully realised where they are used as "enterprise-wide" solutions. In the legal sector, this is not happening anywhere near fast enough.

To ensure technology is used effectively across the enterprise, law firms need to invoke more effective collaboration between their teams and offices. The problem is that if collaboration hasn't already happened in other areas of practice management, it is even more difficult to make it happen with innovative technology.

It's not as if innovation needs to be hi-tech or groundbreaking. Often, too much practice time is spent searching for and assessing the latest technological breakthroughs. I don't deny that if we suddenly find a way to utilise the virtual reality headset Oculus Rift to enhance electronic document bundling, then we are going to do it. However, the reality is that using newer technology in an innovative enterprise-wide way, and spreading the benefits more broadly and deeply, is a far more effective way of being truly innovative.

Put simply, innovation doesn't have to be a trailblazing hi-tech monster. It can be a delicate and simple process that benefits everyone in the practice and clients as well. It is no surprise that many of our clients are utilising existing products with enhanced functionality to deliver greater innovation.

The office is no longer important
When conducting the research for our recent report, *The Legal Landscape 2016*, we found there was a growing trend to move to agile ways of working

> *We should not be constantly and inexorably searching for more technology advancements irrespective of their impact on client service*

that enable lawyers to work at client sites; work from remote locations at times to suit clients; and to optimise fee-earners' downtime when travelling or out of the office.

Our research suggests many clients are not inclined to see their lawyer that often. Remote accessibility is becoming far more important than a physical presence. This does bring its own questions, such as how IT can support the firm's move to flexible working and how the risks associated with having employees in multiple locations can be minimised.

In the last five years, having constant access to your emails has become the *de facto* standard rather than the exception. However, this is not really enough any more. We have noticed a trend in firms beginning to choose IT solutions that enable legal professionals to have access both to their case management system and to other key applications when out of the office.

Clients are already receptive to new ideas, providing they can see the benefits, and working remotely is just one way of delivering the service they want.

Increased digitisation and the growth of online services
Firms will expect to see further improvements in processes and accessibility to case management files as even more systems become electronic and digital in 2016. Once again, clients will drive this efficiency as they demand access to services outside of regular working hours – maybe for a case update, document review, or working remotely themselves. This is the norm outside the legal sector. Even banks now have weekend opening times, online banking and mobile apps.

This is a solution not only for private practice, but also for local government legal teams, as the £700m investment unveiled by the UK government in the November 2015 "autumn statement" starts to modernise the courts and justice system.

One example of this digitisation is the launch of Digital Courtrooms in the West London Family Court. Over 100 cases have now been heard, removing the need for paper-based court bundles and saving significant amounts of money. The initiative, in which Zylpha is playing ▶

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a key part, has been very successful and more courts are now close to signing up.

In private practice, we have seen a marked rise in legal practices adopting solutions that enable them to interact with their clients online – such as being able to complete client instruction forms (or conveyancing property forms) digitally with the use of Adobe eSign services. While there are financial savings to be had, using this approach makes it easier to compress the length of a matter and ultimately reduce WIP (work in progress).

Overall, the clients of law firms are now using the Internet and digital services more fully and on a daily basis. Many expect the same level of interactivity from their legal advisors.

Legal IT delivers ROI
In the past, the IT department has been seen as the purchaser of services to help

fix a problem. The benefits of purchasing a case management system included reducing the amount of manual typing being carried out and providing an easier way to time record.

However, we have seen a trend whereby new ICT solutions are expected to bring benefits to the business as a whole. They must deliver a more streamlined and speedier process without reducing the quality of the service offering. Put simply, the technology has to evolve with the demands of the client. Our *Legal Landscape* report also highlights that legal IT teams are looking to drive return on investment by leveraging integrations between new and existing systems.

In short, the IT department is no longer just a purchasing department. It is now also a key driver of change and innovation.

2016 could herald a new departure in IT's status quo. As firms begin to grasp the opportunities afforded to them by getting IT right and digitising processes, a new window may be opening to deliver greater efficiency, opportunity and profitability. This will push firms down the path of commoditised legal services, and closer to what clients are looking for.

Tim Long is a qualified solicitor and the founder of Zylpha. The company started as a specialist consultancy in case management, developing its first product in 2010 for the electronic document bundling market. It now has over 100 clients throughout the UK in the legal profession and the legal services departments of local authorities. Copies of "Legal Landscape 2016" can be downloaded from the Zylpha website at http://www.zylpha.com/legal-landscape-2016 ◢

How might **law firms** apply deep learning?

BY KATHRYN HUME

In issue 12 of Legal IT Today, Kathryn Hume provided an introduction to deep learning, the machine learning technique currently getting a lot of attention outside the legal sector. In this issue, she asks how law firms might apply deep learning and assesses the practical and ethical considerations they have to consider.

While different industries are just beginning to explore deep learning's potential, there's one application with which we're all already familiar. While at Bell Labs, Yann LeCun (who currently leads Facebook AI Research) used deep learning to develop the system that parses handwriting on checks to automate deposits into bank accounts from ATMs. The fact that this is so familiar tells us something about technology adoption: not all emerging capabilities become widespread commodities, but habit gradually dulls the veneer of those that do. Five years from now, we may retrospectively consider legal deep learning applications to be as commonplace as check recognition in ATMs.

But as we peer into the near future from today's vantage point, there are a few legal tasks that stand out as good candidates for deep learning applications:

• **Mixed-Media Discovery.** Current e-discovery platforms that use search techniques (e.g. Boolean operators) or alternative machine learning methods (e.g. support vector machines, Naïve Bayes or linear regression) are limited to analysis of text data. Certain litigation practice areas, like medical malpractice or insurance defense, are apt to include visual media as relevant evidence. Deep learning could enable automatic tagging of image data, quickening the discovery of photographic evidence. Clarifai, an image processing startup, offers services to automatically tag video content for analysis, and Gridspace, a voice processing startup, offers services to automatically transcribe and tag conversations.

• **Text Summarization.** Firms often struggle to discern what information they have in the vast quantities of unstructured data on their document management system (DMS), Sharepoint
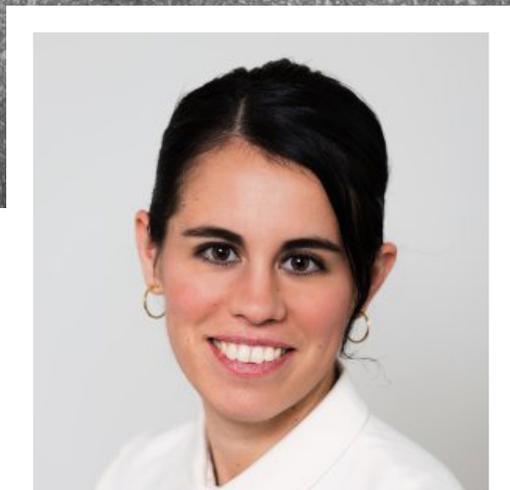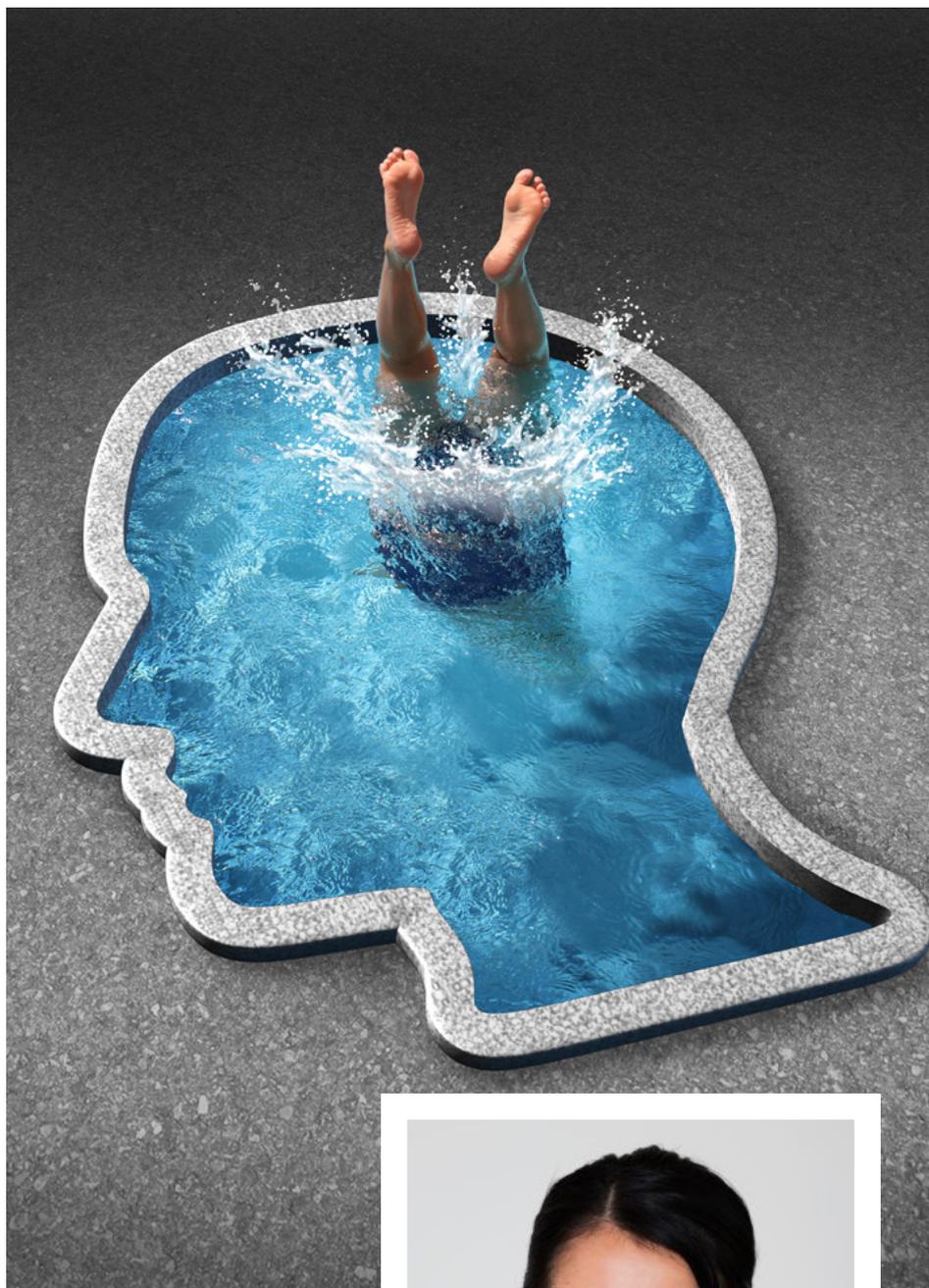
portal or file shares. Knowing what's there is a crucial first step for knowledge management or information governance initiatives. One variety of neural network, known as a recurrent neural network, can be trained to recognize key sentences in documents and extract them to automatically provide abstracts of a document's content. This can accelerate legal research timeframes, facilitate knowledge management and help compliance teams identify sensitive information to satisfy client requirements.

- **Text Classification.** Text classification is not new to law, as much has been written about the use of machine learning for Technology-Assisted Review (TAR). Neural networks permit nonlinear functions that can support more granular classifications than standard binary (relevant or not) classifiers. They could potentially be trained to classify documents on a continuum that maps to judgments like somewhat relevant, highly relevant or not relevant at all.

Deep learning could also assist with initiatives that seek to expand classification beyond discovery to information governance generally, automatically classifying documents into different levels of sensitivity (e.g. subject to privacy regulations, client confidential, work product etc.) or for records retention and disposal. Researchers are currently exploring which neural network structure is best for text classification. Researchers in Yann LeCun's group at New York University have recently demonstrated success using neural networks to classify texts at the character (letter) level, requiring no artificially embedded knowledge of the meaning of words, phrases, sentences or syntactical structures.

- **Information Security.** Security practitioners analyze data on systems to identify anomalous behavior that might signal a server failure, an impending lateral departure, internal snooping or an external hack. Deep learning is a good technique for anomaly detection, because systems can be trained to understand normal operating conditions and provide alerts when something deviates from the norm. Lookout offers a product that integrates with mobile device management (MDM) solutions and uses deep learning to predict potential security breaches on mobile devices.

Practical and ethical considerations
In early November, Google released a deep learning system called TensorFlow to the open source community. While pundits hailed this as a breakthrough for AI, most practitioners agreed it was not revolutionary because the system does not differ significantly from other open source deep learning resources such as Theano or Torch. More importantly, Google did not release the proprietary data that is key to its machine learning success. TensorFlow does show that there are multiple resources available to explore deep learning. But there are constraints firms should be aware of before launching a project.

AI tools like deep learning have the potential to elevate IT to a true partner in the business

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One key difficulty technologists face with deep learning is finding a data set that is big enough, clean enough and varied enough to develop an accurate model. In the absence of adequate training data, a neural network will fail to give high-confidence results on classification or prediction tasks (remember that backpropagation requires target answers to change weights and biases and increase network accuracy).

There are tricks to artificially expand data set size to train a model (e.g. sampling the same image cropped multiple ways), but firms that don't regularly process very large litigation datasets will most likely lack sufficient data to train their own application. Pre-trained APIs offered as a service would be a better option; these can often be 'fine-tuned' or customized to an internal environment.

While deep learning is celebrated for its power and accuracy, it won't provide perfectly accurate, deterministic results – only probable confidence of success on a task. For computer vision, for example, accuracy rates of greater than 85% are considered cutting edge. Unless law firm management feels comfortable with approximations to legal research or discovery, deep learning and other forms of AI won't flat out replace paralegals or first-year assistants any time soon. As such, law firms should start asking more relevant questions:

- For which classification or research tasks are strong approximations good enough?
- What probability threshold will we accept as a sufficient level of quality?
- What data do we already have and what data do we need to achieve the accuracy levels we desire for our model?
- How should lawyers and staff subsequently process classifications that don't meet the set threshold? And those that do?
- How should lawyers collaborate with IT to improve deep learning models and modify legal process workflows?
- What kind of legal and IT talent should the firm hire to deploy data and machine learning technologies successfully? ▶

Still, the exponential growth of electronic information will ultimately force firms to come to terms with 'good enough'. Maura Grossman and Gordon Cormack have conducted multiple empirical studies that show how TAR outperforms manual review (as well as keyword or Boolean search techniques), debunking the 'myth that manual review by humans of large amounts of information… constitutes the gold standard by which all searches should be measured'.

In recent computer vision competitions, deep learning tools built by Google, Microsoft and Baidu have identified objects in a database called ImageNet with a lower error rate than humans (4.58% versus 5%). Large data sets confound human intuition, as our limited cognition results in too many unknown unknowns.

If theory isn't convincing, litigation deadlines, cost, and client write-offs will provide practical reasons for firms to abandon manual practices. The U.S. Federal Rules of Civil Procedure principle of proportionality (26(b)(2)(C)(iii)) exists to curb outlandish discovery costs by only requiring parties to produce that information which is 'relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount of the controversy… and whether the burden or expense of the proposed discovery outweighs its likely benefit'. While proportionality

and probability are not synonyms, this relativistic thinking can and should inspire firm thinking on the right way to use AI systems like deep learning.

Finally, as adoption of AI progresses, firms should anticipate future commentary to professional responsibility rules like the US *Model Rules for Professional Conduct* regarding the ethical use of AI systems like deep learning. The ABA 20/20 focused its updates on risks new technology posed to client confidentiality. Model rule 1.6, for example, now includes a list of factors lawyers should consider to judge the reasonableness of efforts to prevent unauthorized disclosure of client information.

But AI tools like deep learning pose different risks. As we saw earlier, neural networks learn by adjusting the weights and biases that connect and activate neurons. This simple strategy offers great computational power, but reveals nothing about what the numbers or connections actually mean. Therefore, if the network incorrectly encodes a feature about a data set, there is no easy way to find the bug and fix it.

Technologists will have no more luck interpreting neural networks than non-technical lawyers, so the standard protocol of consulting an expert technologist won't provide total methodological transparency. One potential risk is that firms will not be able to fully account for their

methodology should there be a dispute over document production. When exploring machine learning approaches, therefore, firms should also consider the tradeoff between accuracy and interpretability. Because neural networks are uninterpretable, firms may wish to elect a less powerful but more transparent approach.

New opportunities for technologists
Law firms have historically considered IT an operational cost center, whose goal was to enable lawyers to practice without interruption. AI tools like deep learning have the potential to radically alter this dynamic, elevating IT to a true partner in the business. To achieve this transition, however, technologists must get comfortable explaining the benefits and risks of new tools to lawyers and get creative developing new workflows to incorporate probabilistic data and AI technologies. AI won't replace lawyers anytime soon, but it will reshape career paths in legal IT.

Kathryn Hume leads sales and marketing for Fast Forward Labs, a machine intelligence research company, and teaches courses on law and technology at the University of Calgary. Prior to joining Fast Forward Labs, she advised law firms on data privacy and security and led Intapp's Risk Roundtable program. Holding a doctorate in comparative literature from Stanford, she loves languages and drawing lessons from history to understand new technology. ◢

From **AlphaGo** to **AlphaLaw**?

BY CHRISSIE LIGHTFOOT

Legal futurist Chrissie Lightfoot considers how developments in artificial intelligence (AI) are changing the nature of the legal industry and the role of lawyers.

📢 **Lexpo Speaker**

In March 2016, we witnessed DeepMind AlphaGo's stunning victories over Go legend and world champion Lee Se-dol. This landmark event has stoked excitement over AI's potential in every aspect of life more than any other in recent memory. Why?

DeepMind (an AI system of neural networks) was acquired by Google in 2014 and uses games as a testing ground for AI algorithms that could have real-world applications. In the words of AlphaGo's founder, Demis Hassabis: "I think what we've done with AlphaGo is to introduce with the neural networks this aspect of intuition, if you want to call it that, and that's really the thing that separates out top Go players: their intuition."

The same could be said about top lawyers, lawyering and legal service provision.

It seems that we have reached a point where an intelligent machine has proven its superiority over a world-class human being's creativity and intuitive insights, which marks a significant step forward. For example, DeepBlue (DeepMind's IBM predecessor) was a handcrafted program in which the programmers distilled the information from chess grandmasters into specific rules and heuristics. But AlphaGo was imbued with the ability to learn through practice and study, which is much more human-like.

It is not unlike the process of becoming a human lawyer. It seems there is a possibility, in theory at least, that AlphaGo could become "AlphaLaw" – a machine that could learn through practice and study to become a world champion lawyer. This is deeply significant.

But until such time as "AlphaLaw" exists (which may be sooner than we all anticipate), let's deal with reality in a world where:

• Smart cognitive computing, AI and robot technologies relating to all four key elements of legal service provision – commoditisation, research, reasoning and judgment – exist and can support or replace many aspects of a lawyer's job.
• Both fee-earning processes and business processes can be supported and/or replaced by expert systems, cognitive computing, robotic automated systems, AI and machine learning.
• Use of AI will be mainstream in the legal profession by 2020, according to Riverview Law CEO Karl Chapman. Personally, I believe that developments in AI mean this could occur by 2018

> *It seems there is a possibility, in theory at least, that AlphaGo could become "AlphaLaw" – a machine that could learn through practice and study to become a world champion lawyer*

(even Hassabis was surprised at the rate of progress he and his team achieved in such a short timeframe).
• Clients demand and expect more speedy, accurate, expert, creative, intuitive and accessible legal advice.
• Pressure is growing both from within law firms (or in-house teams) and from clients to respond to the demand for customer-designed services.
• Technology related projects that are both user- and client-centric need to be implemented successfully.
• In the long term, everyone will be using these kinds of technologies.

What must we lawyers do in order to future-proof our careers and businesses?

1. Become speedy algorithmic angels
The time has come where the legal ecosystem requires algorithmic angels. It needs lawyers who can interpret that the AI is right about the law (be an algorithmic advisor) and also who are willing to productise their legal expertise. That is, lawyers who are willing to place their high-end intellectual capital into algorithmic software to enable the end-users/clients to help themselves with their legal conundrums.

Richard Seabrook, Managing Director Europe of Neota Logic, explains:

"The kind of AI technology we have created here at Neota enables the lawyer or general counsel (GC) to model their reasoning (rules) and judgement into software. Basically, you are brain dumping your knowledge and experience into software and creating algorithms in order to respond to the client without actually needing to be available in person, if you choose to."

For example, this AI could be deployed for complex document assembly, real-time compliance checks or online legal assessment and advice solutions. Seabrook adds:

"The power of technologies such as Neota includes the speed of development – AI-based apps can be built in rapid response to new regulation, for example – and their ability to positively change the experience the client (customer or GC) has with the law firm. They can also model the best legal experts, on their best day, operating without limitation. Software shows no bias and never forgets a case, so you are never compromising on quality or accuracy. In the right scenarios, that has to be a great thing for the customer.'

2. Help clients to help themselves more
At the British Legal Technology Forum last week, Karl Chapman stated: "I don't care what law firms think. Now when it comes to customers, that's a different story." This comment reveals the core focus and *raison d'être* of KIM, Riverview Law's virtual assistant and AI platform. It's all about helping clients to help themselves. And monetising that effectively. Profitably.

Inevitably, AI is going to transform the client experience. Groundbreaking technologies such as KIM and Neota are available round the clock, provide ease of access and a seamless user interface. They mean instant answers are at the clients' fingertips, enabling "self-help". Some of the intelligent legal work that is currently performed by lawyers and outsourced legal work that GCs traditionally look to law firms to provide can now be done by a client (and monetised effectively by a law firm or in-house using AI systems). Seabrook comments:

"Outside counsel tend to be reactive to GC needs, and the GC usually pays a premium for the brand of the outside counsel law firm. Until recently, there was little or no choice for the GC but to stick with the current set-up. The alternative now is for GCs to use cost-effective AI systems, either deploying AI themselves or demanding its use by their outside counsel."

If machines are beginning to do the intelligent work traditionally performed by lawyers (only quicker and more accurately), what are the qualities clients and GCs should look for in lawyers and outside counsel going forward?

Although AI is now highly intuitive and human-like in many ways, its lack of emotion is where it becomes inferior. For the time being, at least, a lawyer's superior emotional intelligence will give him or her the edge. Clients should look for lawyers with a high degree of emotional intelligence, highly developed interpersonal skills and business acumen.

3. Focus on relationship intelligence
Clearly, we humans are not in the business of law anymore. The AI machine is taking care of that at every level of intellectual capital service provision. We're in the business of technology, where the primary role of the lawyer going forward will be to provide an emotionally intelligent, supportive relationship to clients and GCs.

Relationship intelligence and client-centric focus is what sets us human lawyers apart from the "AI lawyer" currently and in the near future. With "AlphaLaw" no doubt lurking around the corner, we lawyers need to remember that the focus of our role is changing. And if common wisdom dictates that in-house counsel should always "look for the yes," surely it's time for GCs, lawyers and law firms to say yes to AI systems and relationship intelligence?

Chrissie Lightfoot – The Entrepreneur Lawyer, CEO, Entrepreneur Limited, legal futurist, speaker, consultant and writer. Author of Tomorrow's Naked Lawyer: NewTech, NewHuman, NewLaw – How to be successful 2015 to 2045 (Dec 2014), and its prequel bestseller The Naked Lawyer: RIP to XXX – How to Market, Brand and Sell You! (Dec 2010).

This article first appeared in The Global Legal Post.

The **transformation** continues

BY CHRIS BULL
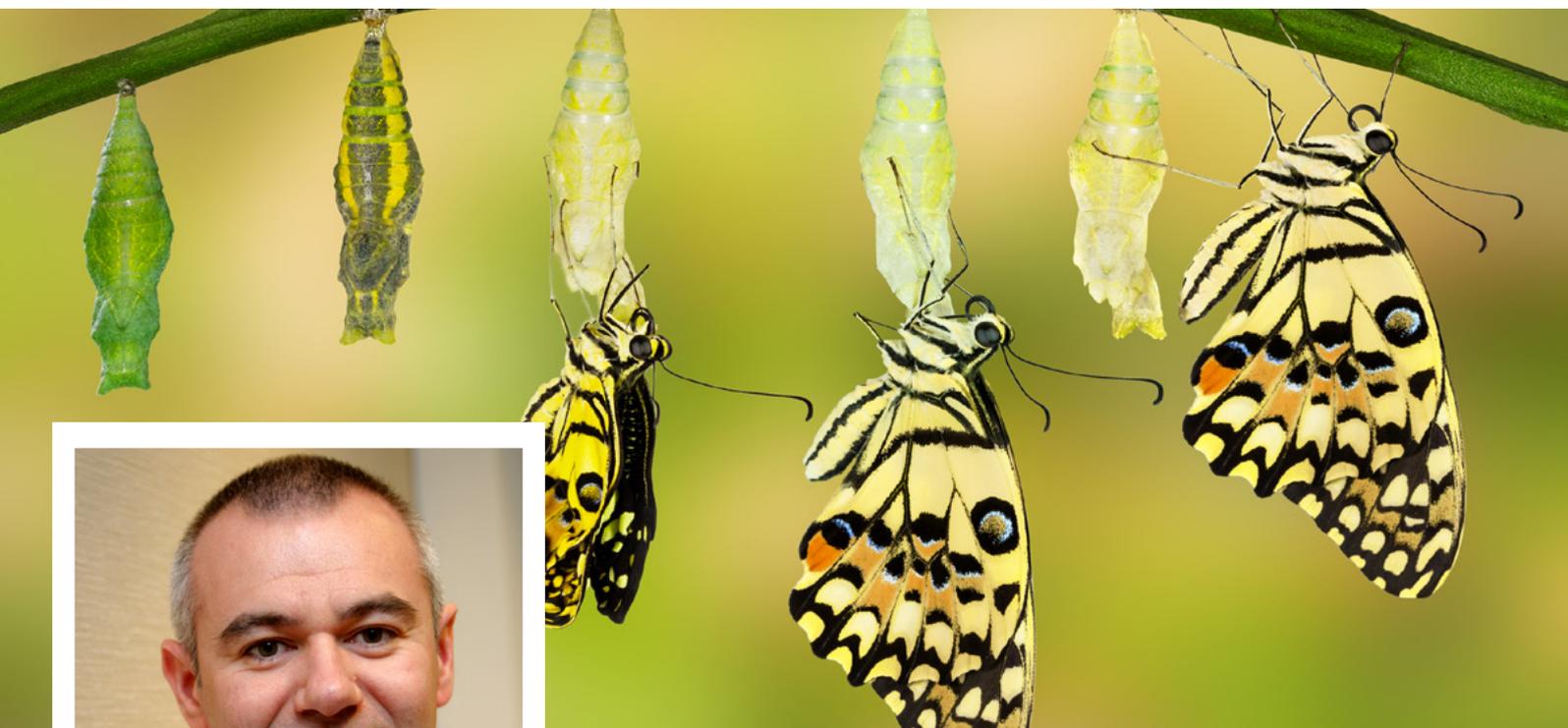
Lexpo Speaker

The disruption of traditional business models remains a striking trend in the legal sector, says Chris Bull.

While some high-profile ABSs have seen tough times recently, over 400 of them have now been licensed in the UK

In Issue 9 of *Legal IT Today* a year ago, I looked at the multiple ways in which the time-honoured law firm business model – a single, co-located professional partnership – was splintering into a wide variety of new alternatives.

It might seem a little early to try to update that analysis of what I called a "constellation of disruption," but we live in interesting times. Developments in the last 12 months deserve some reflection, as they offer new clues about the changing shape of the firm of the future.

Bar associations around the world continue to debate – and regularly reject – the option of allowing external investment and ownership along the lines of the UK or Australian models. But at the same time, events in those two countries have conspired to suggest that the ABS (alternative business structure) model could be fatally flawed.

Big-name new entrants, including Parabis, Cooperative Legal Services and – one of the biggest "bad news" stories of 2016 so far – Slater & Gordon have hit very tough times. But in reality, the underlying common cause here is the weakening economics of personal injury law in the UK, rather than the fact these firms are all ABSs.

It is worth noting that the UK's Solicitors Regulation Authority has now licensed over 400 ABS firms and a growing number of the top 100 firms have created an ABS. In February 2016, leading US consumer law service provider LegalZoom made its first move in the UK when it acquired a conveyancing law firm in the north of England.

In the last 12 months, much of the attention of the UK legal press (headlines generally revolve around the theme of "the accountants are coming!") has focused on the ambitions and hires of the "Big Four" accountants. They are already very well established as leading legal service players in many European jurisdictions.

Perhaps the most significant trend is developing away from the world of private practice law firms altogether. Many of the world's largest organisations are transforming their attitude and approach to sourcing legal and risk advice by building up their in-house

employed legal functions and creating more senior and strategic General Counsel roles. The result is a steady erosion of the work being parcelled out to law firms.

Legal department transformation initiatives also see corporations embracing legal technology, process improvement, fee analytics, procurement and pricing techniques. This is activity that can often result in big changes in the economics of the supplier law firms.

In the last year, some firm evidence has also emerged that organisational agility is moving to the top of the legal management agenda, both for law firms and for in-house teams. Flexible staffing firms, led by Axiom, are growing into impressive businesses. In February 2016, the leaders in this space in the UK and Australia – Lawyers On Demand and AdventBalance – said they would be merging to form a 600-lawyer operation.

Looking internally, law firms of all shapes and sizes are embarking on agility programmes to enable truly mobile working; to support staff demands for home working and variable hours; and to reshape their operations and relocate roles and functions to lower cost centres.

While some high-profile ABSs have seen tough times recently, over 400 of them have now been licensed in the UK

All of this suggests that the fundamental shape of our legal world is continuing to evolve at an accelerating pace. In April, I will be taking a closer look at these new models, alongside a panel of European legal innovators, at the Lexpo event in Amsterdam. I have no doubt that by then I will have to reflect on some other big news about legal business models!

Chris Bull is the founding Director of professional services advisory firm Kingsmead Square, supporting law firm leaders with advice on strategy, transformation and delivering their business plans. Chris has been a leading practitioner and pioneer in the field of professional firm business management for almost 20 years, building his experience in legal, accounting, consulting, financial services and outsourced services organizations. ◤

Lexpo Speaker

Would you **partner with IT**?

BY DUNCAN EADIE

Law firms are starting to recognise the importance of those responsible for IT, says Duncan Eadie.

Will the IT function ever become a team in its own right, rather than just a sub-division of the accounts department?" That's how the discussion went 20 years ago. As business evolved, 10 years ago the question became: "Will the head of IT ever become a director?"

Since then, of course, computers have invaded society and business to such an extent that they are seen not just as a necessary part of both, but as so pervasive that such questions don't even need to be asked any more.

Fast forward to the present and we find that many law firms are asking themselves if IT will end up adding so much value to the business that its leader will have to be welcomed into the partnership. Following the Clementi reforms of almost a decade ago that led to alternative business structures five years ago, much has changed in the legal industry – more than many might initially realise. The recent recession has also had a huge impact.

The "new normal" is now pedestrian. Technology is expected to make its greatest contribution over the next 5-10 years as many of the threats to the legal industry, whether they come from artificial intelligence or new entrants armed with impressive IT weaponry, are now poised to make their presence felt. And in a world where clients increasingly assume that the quality of law firms' legal advice is not a differentiator, many in the legal industry are turning to technology to help them in this "arms race". ▶

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More IT directors are likely to become equity partners as the legal industry becomes increasingly dependent on technology

It was just under a year ago that my own firm, Foot Anstey, recognised the contribution that IT can make to its internal operations as well as its client offering by inviting me to become an equity partner – an investor in the firm that is also my employer. On a personal level, this was a huge compliment, and a rigorous (but successful) application process followed. Such a position is still a rarity in the industry, and perhaps only considered by firms at the innovative edge. It is likely to become much more common as the legal industry becomes increasingly dependent on technology.

Foot Anstey's accounts director had already been made an equity partner, and given the importance of people and clients to a law firm, it will surely not be long until partner positions for HR and client development seniors also exist. This recognition will be welcome to any of those working in support teams who have long believed that their contributions deserved greater recognition in the higher echelons of law firms.

Perhaps at last the questions first asked almost 20 years ago are starting to be answered. Technology leaders are now finding themselves at the heart of modern law firms. What influence this creates over the next few years remains to be seen. Or as Bill Gates stated almost thirty years ago: "Be nice to nerds. Chances are you'll end up working for one."

Duncan Eadie is IT Director and equity partner at UK top 100 law firm Foot Anstey. Duncan's combined 25 years of IT practice have spanned a number of management positions across multiple business sectors including professional services, forex broking and dealing room systems. He has been in the legal sector since 1999 and enjoyed leadership roles in a number of global law firms – driving technology-based change initiatives across EMEA, delivering insourced and outsourced services and leading the (technology) merger between two European firms. Foot Anstey were recently recognised in the FT Innovative Lawyers Awards. ◢

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The **velocity of change** associated with "the cloud" is far greater than many law firm **IT departments** are prepared to deal with. What should law firm IT groups **be doing differently** in order to match this velocity and ensure **a smooth transition** to the cloud?

———

The single most effective step large firms can take to keep up with the pace of technological change is to stop developing software in-house.

THE VERDICT

Alvin Tedjamulia
Chief Technology Officer / NetDocuments

The inevitability of the cloud is here as on-premises and hosted on-premises systems simply can't keep up with native cloud innovation. According to IDC, growth for cloud services and related IT spending is eight times greater than the overall IT services market. The cloud question becomes not "if" but "when" and "what goes first". The dramatic shift and speed of innovation requires IT groups to change the way they operate, moving from a one-time technology purchase/project mentality to a service-based mindset. IT departments must adapt to this ongoing service delivery model the same way cloud providers do.

Law firm IT can best capitalize by first leveraging SaaS (Software as a Service) technology for core applications. The firm will reap the benefits of the "one-to-many" cloud infrastructure as it evolves and improves through periodic updates – thus keeping pace with the velocity of change and market innovation while allowing the IT group to focus attention on implementing supporting cloud technologies and other strategic initiatives. In essence, once in the cloud, the firm can virtually hitchhike, almost for free, on the rate of cloud innovation. ◢

Edward Sohn
Senior Director, Client Services /
Thomson Reuters Legal Managed Services

Why should law firm IT groups embrace the cloud? "It depends" is the default lawyer answer – because it is usually true. Different levels in different substantive areas demand different tech skills. But most lawyers need more tech skills than they have, even if just to know what to delegate and how to oversee the work delegated.

- Best-in-class solutions are in the cloud. The velocity of change associated with the cloud is precisely the reason why law firm IT departments must shift more aggressively to it. Cloud technology enables law firm IT to benefit from scale and the latest advances.
- Managed services improve efficiency. Law firms should leverage managed services offered by cloud solutions providers to augment internal resources.
- Consider how best to engage the cloud. If there's a gap in readiness for the cloud, a hybrid solution that keeps certain sets of sensitive data on-premise may make more sense.
- Clients already secure their own data in the cloud. Businesses are moving faster to the cloud than law firms, and highly regulated clients will have high thresholds of data security. Work closely with your clients to understand how data is treated and their level of "cloud" tolerance. ◢

Ryan McClead
Business Transformation and Innovation Architect / HighQ

An in-house development team was once the height of innovative legal service delivery, ensuring that your firm had a unique competitive advantage that no other firm could match. Today that same team is six months behind on a project to deliver client dashboards and intranet widgets, better versions of which could be licensed tomorrow for a fraction of the cost. The single most effective step large firms can take to keep up with the pace of technological change is to stop developing software in-house. Development is difficult, time-consuming, and expensive if you do it right – doubly so if you don't.

The development team still has an important role to play, but today that role is connecting and combining tools, platforms and systems to meet your firm's unique needs instead of building those things from scratch. API jockeying may not be nearly as sexy as building cool tools, but that's the kind of development work that smart law firms need right now. ◢

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