

Briefing

LESS INPUT,
MORE OUTPUT

Where do top-tier legal businesses see the opportunities for technology to boost efficiency and competitiveness in 2018?



LEGAL IT LANDSCAPES 2018

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INPUT

Automate, innovate

Briefing asked the International Legal Technology Association to get involved with our survey this year, and to tell us what they think of the results



I LTA has recently been helping our friends at **Briefing** magazine to promote this year's Legal IT Landscapes research, published against this December edition. The survey provides valuable insight for those looking to set their 2018/19 budgets and should be reassuring to those already dabbling in AI and automation. I'm pleased to see that Office 365 gets significant coverage as do chatbots, while old favourites such as workflow and collaboration still feature in the 'top of mind' for competitiveness and efficiency.

Respondents believe that their firms' legal work is less than a third automated but could be over two thirds, more than I had thought on both counts. It's interesting given that previous surveys have suggested the same opportunity, so little has changed. Possibly the challenge from clients to be ever more efficient is yet to lead to real change in this direction. With the significant impact of AI in the results, and indeed robotic process automation (RPA) makes its first entry, it could be that 2018 is the year to automate.

This year the survey also looked at innovation and

R&D spend/intent, and interestingly there appears to be a significant difference between these results and **Briefing's** Innovation in Global Legal Business research published in Q2 of this year. However, it will come as no surprise that budgets for non-BAU spend remain tight. The survey also makes some interesting observations about why firms should innovate, who is innovating, and why.

In addition, the survey looks at connecting with clients through technology and what will make the most difference. And how prepared are we for the GDPR, with over 50% stating they're not yet ready and (possibly more worrying) 16% who don't know? And no survey would be complete without a mention of infosec. This was rated very highly for competitiveness – it looks like we are turning a client challenge into a BD opportunity (when we get it right).

Enjoy going through the detail and we at ILTA hope you get as much from the survey as we have. ▶

Tony McKenna, director of IT, Gowling WLG, and chair, ILTA Europe



EUROPE

What's in the LITL pot this year?

We've done Legal IT landscapes since 2011 and it's got more in-depth ever since.

We've tracked technologies on their way up and through the industry since then, from cloud to BI and beyond.

This year, however, marks a shift in format for LITL – we're moving away from thinking in terms of technologies and towards where in the business those technologies will impact.

So the 2018 report is divided up not by areas of tech but by areas of operations and business – and that's how we'll be taking it forward. We've also changed the format of the report to make it more readable, by sprinkling the contributions from our

sponsors throughout the book. They've helped us to bring this report to your desks (or kitchen tables) so please take a moment for their contributions.

Next year we'll be researching across the year to find more detail, and we'll also be following up this report with more detail in **Briefing** in early 2018, hopefully analysing which 'kinds' of firms said what.

Finally, we always link responding to LITL to contributing to Shelter – and I'm delighted to say that this year we raised £300, and I hope to generate the same or more with LPM. We'll also be asking our sponsors to match this contribution. Thank you to everyone who took part. ▶

Rupert Collins-White, editor-in-chief, Briefing



THE ANALYSIS

Full auto?

Top-tier law firms appear to be making strides on innovation and automation, and AI is the big kahuna theme of the year – but big IT gaps still need to be closed

Researched and written by Richard Brent and Kayli Olson

1 THE BIG QUESTIONS

The intersection of competitiveness and efficiency is undoubtedly the zenith of a successful business. In years gone by law firms found it hard to find a reason to be efficient (if you're making 30-40% margin, why try harder?) and didn't really need to be competitive, except with each other – and even then it was a market they could essentially carve up.

Now they must find enormous efficiencies and work out how to be highly competitive at the same time, in relatively short order. This is creating and will increasingly drive an arms race in the areas of product development, brand and technology.

So, every year we closely analyse the technologies our respondents point to as being most impactful around efficiency and competitiveness, and those which score highly for both are, in our opinion, the ones we expect to see the most buzz about in the market over the next year. (Overleaf you'll find our positioning chart for all the technologies respondents named,

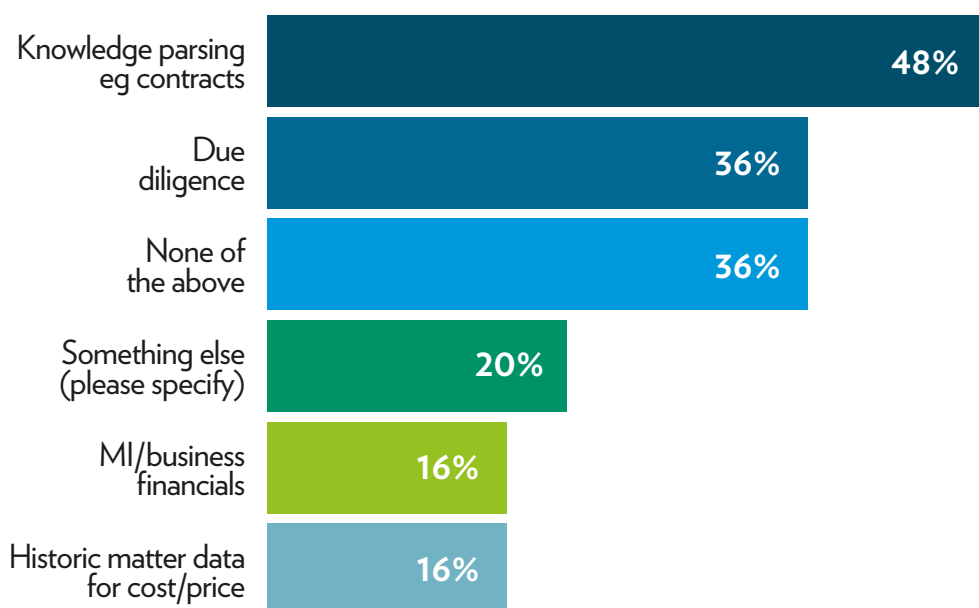
unprompted, matching those criteria.)

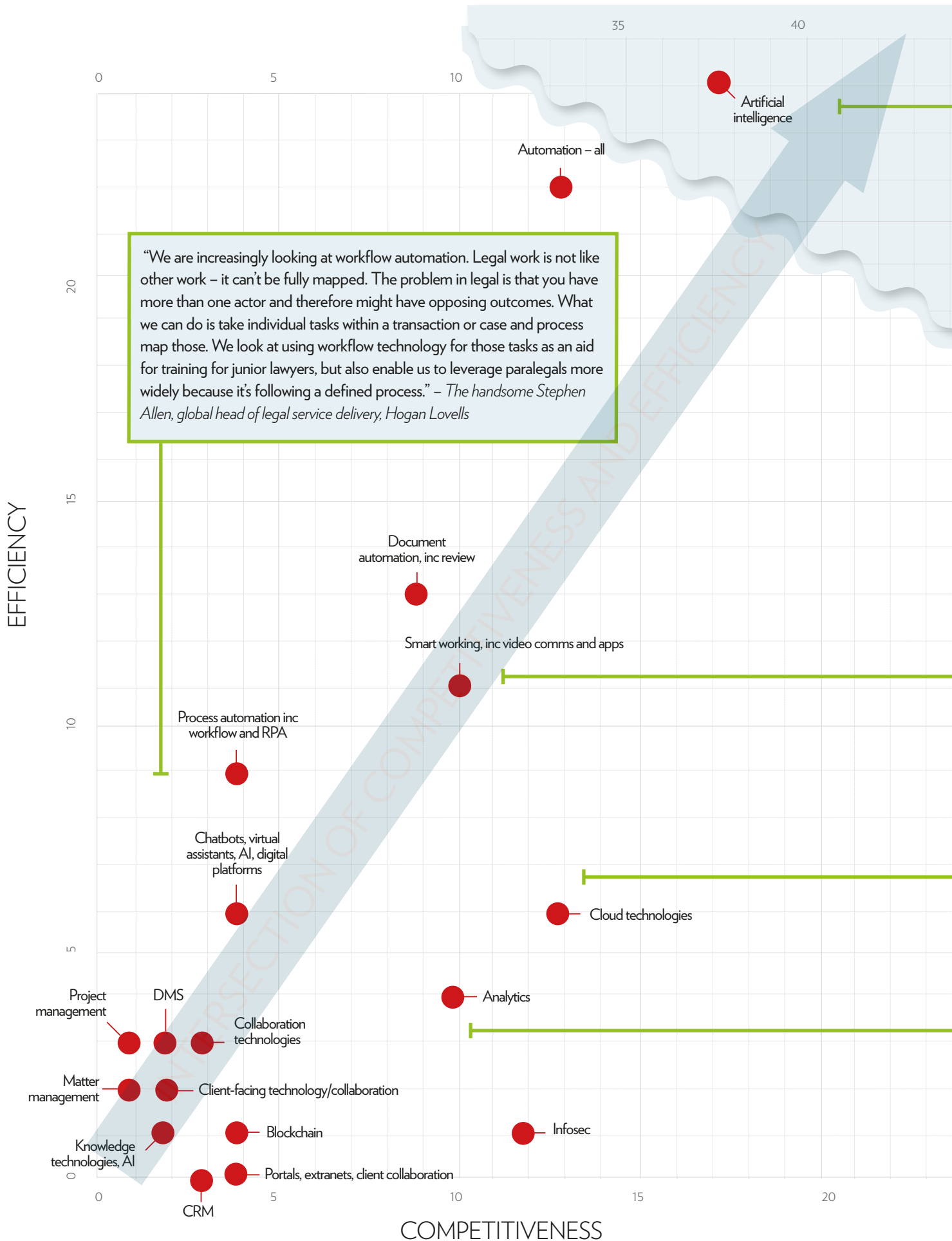
It's no surprise that automation and artificial intelligence are far and away the big hitters of 2018 – and are even bigger than last year's research (2017's results are overleaf to compare with this year's). In fact, AI and automation (if you throw all automation responses together) so dominate this year's results that everything else is thrown into the shadows. Last year, what we now like to call smart working – mobile, agile working and so on – came second after AI, but this year it's behind document automation's combined score and the actual 'score' is far lower because of the dominance that AI/machine learning currently has in people's minds. Automation is almost as massive as AI – and this year marked the first time that people mentioned 'RPA' or robotic process automation specifically.

It's not all hype about AI, though there is a lot of that about – the idea so dominates our big questions section this year that it must be the only thing anyone is spending PR money on in legal. As you can see from our question asking what law firms are actually applying ML/AI software to right now, while automating human tasks like contracts and due diligence dominate now, there's a growing number of firms applying it to more intriguing areas like analytics and pricing.

Also of significant note is the prominence of infosecurity on the competitiveness axis – more on which on p28 – which can only tell one story: law firms are finally waking up to the fact that security is a huge selling point, not just a hygiene factor. More than that – law firms are a soft target for cyberattacks as the Panama and Paradise Papers scandals so clearly show, and clients will now want assurance their data won't end up on the six o'clock news. ▴

Which areas of data is your firm applying machine learning/AI software to?





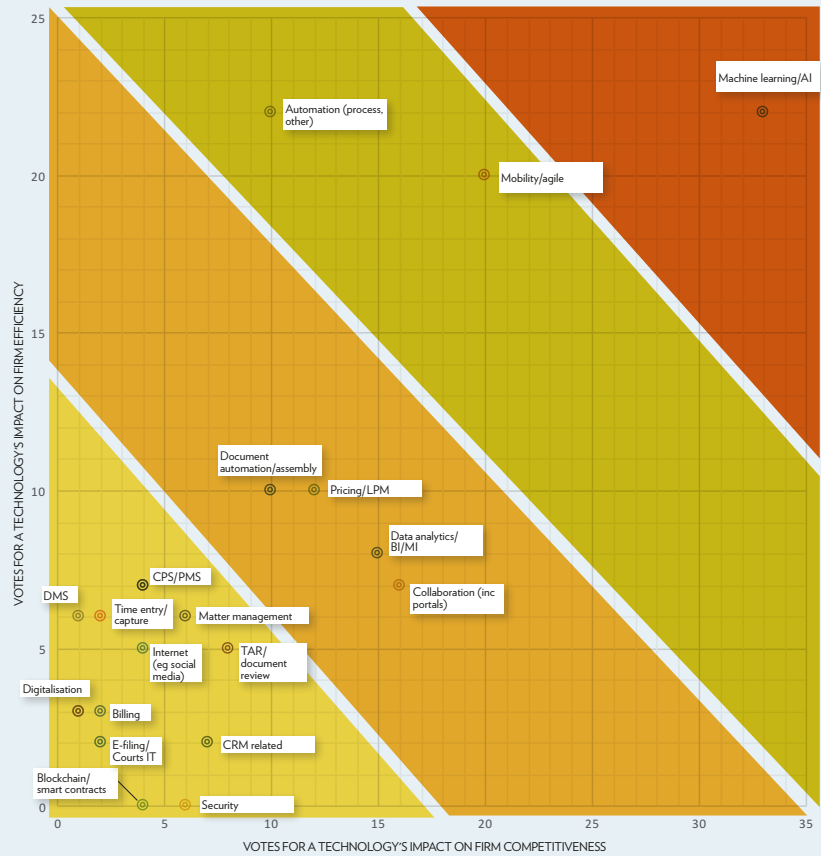
“AI has relevance across the board, it’s as likely to have uses in bespoke work as it is in commoditised – for the larger full service firms the key will be having AI solutions that can work across practice areas.”
 – Kevin Brown, head of information management and technology, Weightmans

“We have pockets of the London office – certainly – with complete flex desking, perhaps a ratio of 50 desks to 70 people. A very large number are on devices that mean they can go into any office and use any desk, but I think there’s still a continuous evolutionary journey to go on to get most people to a point where they’re fully comfortable working this way.”
 – Stuart Peggie, global business manager, Eversheds Sutherland

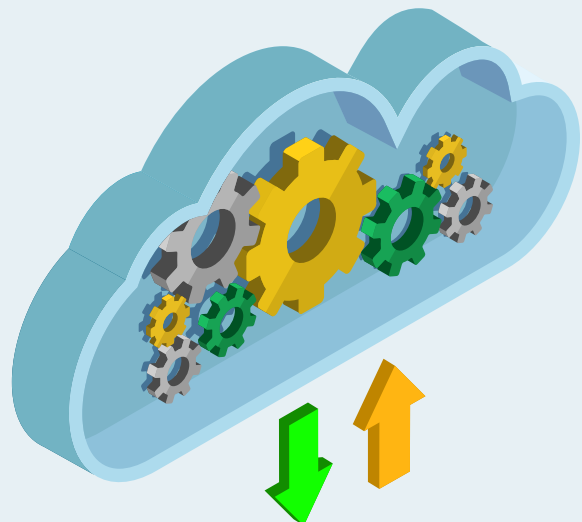
“If you’re not moving into the cloud, you’re behind the curve, and possibly setting yourself up to fail. The benefits are there for all to see. It gives scalability, security and flexibility, and it frees up resource that you would otherwise be using to ensure everything’s working to focus on the value-adding side of things instead.”
 – Maurice Tunney, IT director, Keystone Law

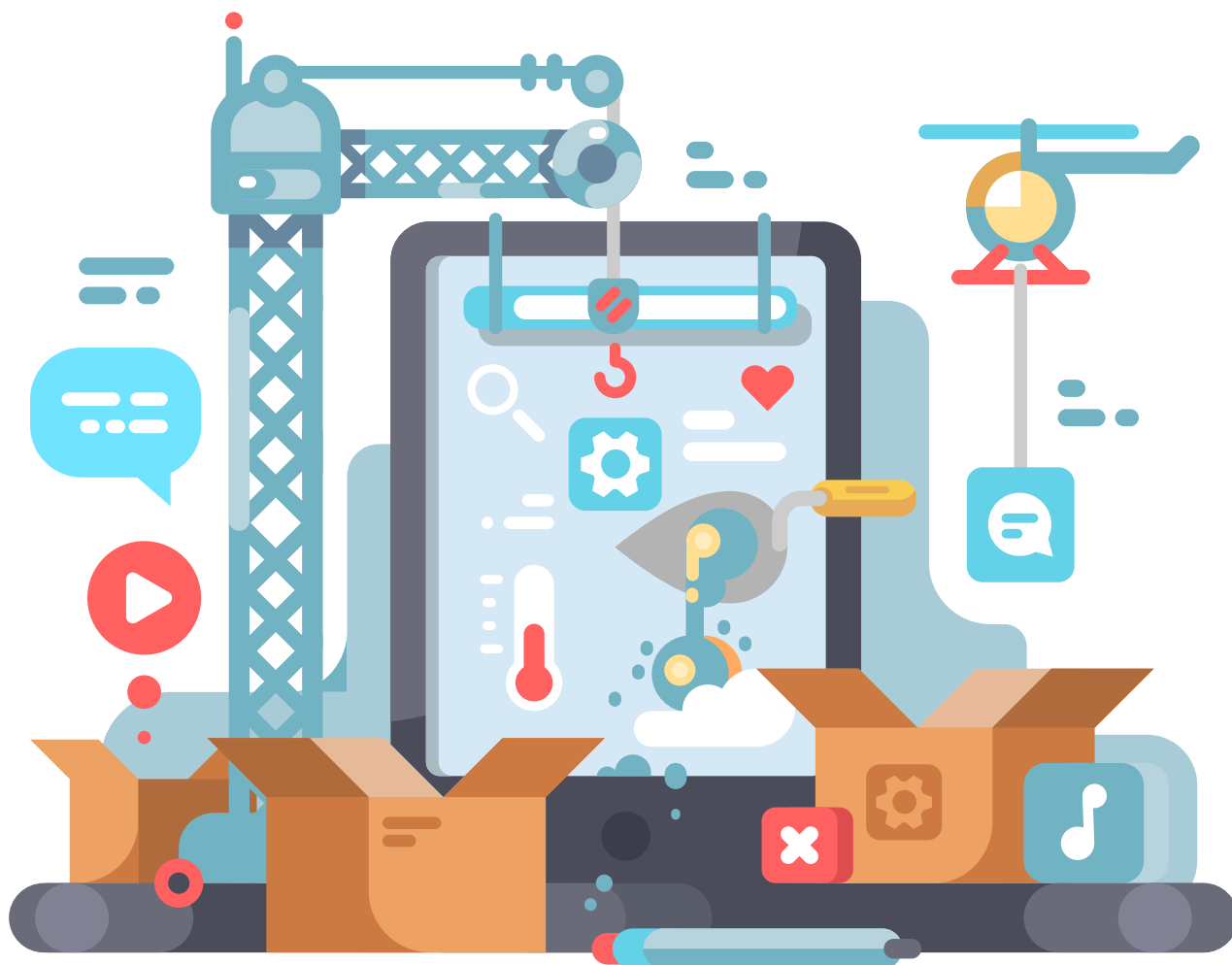
“Clients today expect data-driven advice, whether that’s using technology to draw legal conclusions for them, or reporting back to clients what we know about them and their business based on the data we have from their matters. I think that is going to be a big opportunity for law firms to create new service lines, enabling them to be very competitive.”
 – David Halliwell, director of knowledge, risk and legal services, Pinsent Masons

Legal IT landscapes 2017 results for comparison



Last year’s Legal IT landscapes found AI and automation scoring highly but smart working (mobile/agility) was also high in respondents’ minds. This year, not so much. Pricing/LPM and analytics were two other big ‘fallers’ this year, pushed out by the AI behemoth.





2 INNOVATION FOCUS

Innovation has been one of the most used (some may feel, overused) words in law firms' marketing materials in recent years. In several cases, however, the trend certainly reflects tangible activity – from the incubation of startups with seed funding, mentoring, introductions and collaboration technology, to apps that create new avenues for clients and lawyers to kickstart businesses' responses to changing legislation. At the same time, of course, there's the ever-green topic of trying out more innovative models for both pricing and delivering work, in the interests of operational efficiency and cost-effectiveness.

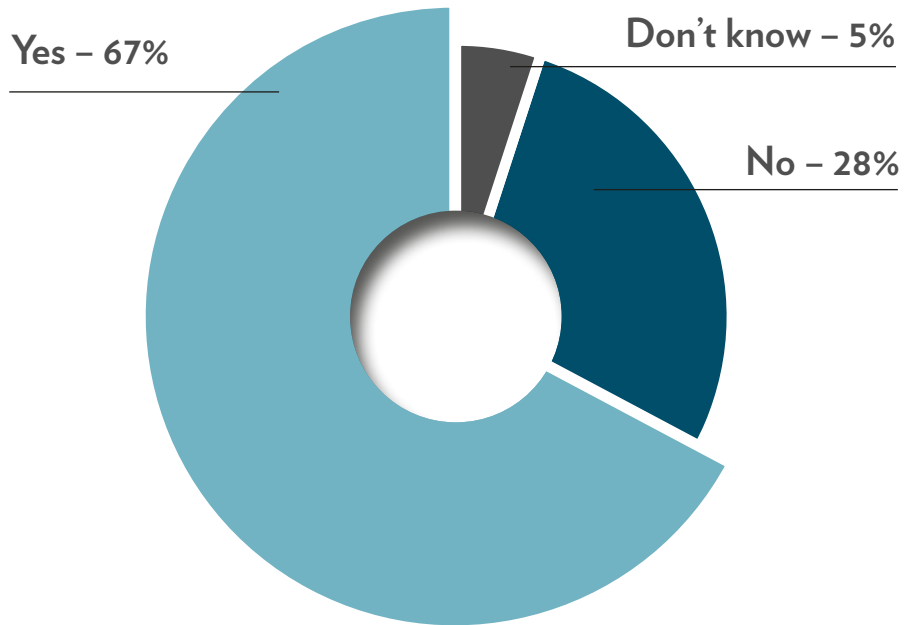
Nevertheless, there's plenty of debate about what innovation really means. Does it need to be on a par with the arrival of email or the smartphone? Or can it also extend to moulding a slightly different resourcing structure that provides greater value for clients, and perhaps an extra career path for millennial talent? Alongside

the latest and greatest technologies, these are very possibly questions pondered by the burgeoning group of law firm innovation hubs and forums who are presumably tasked with sifting the innovative from the ... not so much.

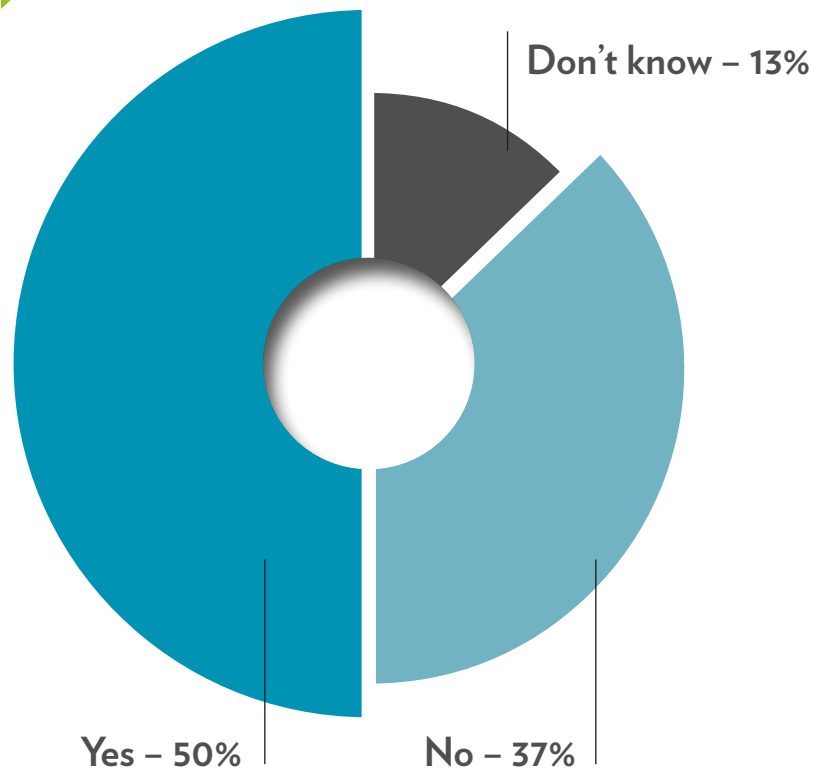
Our first question in **Briefing** Legal IT Landscapes 2018 – does your firm have an innovation leader? – suggests that, even if innovation's results aren't yet in, commitment to the concept, at least, is on the up. Two-thirds (67%) of respondents have said that yes, they do have an innovation leader – the rest don't or just don't know. Considering our survey is of the top 100 law firms only, that seems pretty good going. Innovation isn't something that's only on the minds of the A&Os of this world – it's filtering down into the mid-market, and beyond, as a driver of that ever-challenging differentiation.

It's worth remembering that as recently as the **Briefing** Innovation in Global Legal Business report earlier this year (June 2017) only a tenth of

Does your firm have an innovation leader?

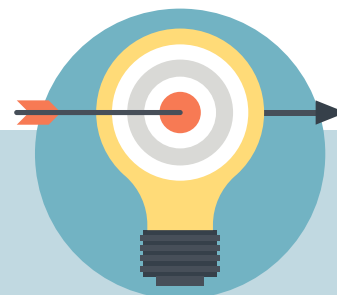


Does your firm have an innovation/R&D budget?



respondents said they had an innovation manager, head or director (a fifth had an innovation committee). But it should also be noted that in that same report almost half (46%) of people said that “innovation is not led by any particular person”. This perhaps reflects something that we hear a fair bit anecdotally – that a successful innovation culture really depends on empowering as many people as possible to contribute to the mission in a meaningful way. If innovation is indeed not ‘strictly’ led by an individual – or if that simply isn’t how the firm would want it to be perceived – that fact would likely factor into the responses to this question. We also can’t say whether our ‘innovation leaders’ here in Legal IT Landscapes actually have innovation leader as a title. Some may be IT leaders, other business services heads, or even – as is often the case – lawyer partners.

Perhaps a better measure, in that case, is whether the firm’s innovation work has an innovation (or R&D) budget behind it. Here the



The power of three

When we asked firms which other firms they regarded as “most innovative” (although they could, if they wished, name their own), we had a range of names put forward. We can’t name them all, but three businesses emerged at the front of the pack:

- **Allen & Overy.** In 2017, the firm was named Most innovative law firm in Europe for a record fifth time by the Financial Times – as well as winning in the FT’s collaboration category for a partnership with Deloitte to create a new machine-learning product. Also in 2017, A&O launched its new tech innovation and collaboration space Fuse in its London office, inviting companies in from the worlds of legaltech, regtech and dealtech. Successful companies to ‘move in’ in this past September included iManage, which acquired machine-learning developer RAVN in 2017. In its 2017 results Allen & Overy said that alternative delivery models such as its Belfast legal services centre, project management office and online model aosphere had “added significantly” to the bottom line.

- **Pinsent Masons.** Also recognised by the FT in 2017, Pinsent Masons was singled out for projects including DealHub (a project-management platform) and Term Frame (an AI system, which is working to help banks split their retail from their investment arms). The firm has previously been recognised for its Smart Delivery model of scoping, pricing and project managing work more efficiently and transparently. It also has a majority stake in the cloud-based and automated supplier compliance business Cerico, launched in response to legislation such as the Bribery Act.

- **Riverview Law.** The ‘law firm alternative’ is well known for its Kim technology platform, which automates data capture for in-house legal teams, and provides case management, document storage and business intelligence reporting through dashboards. In April 2016, Riverview rolled out its first two cloud-based ‘virtual assistants’ – with a Spanish pair following that July. In 2017, the Solicitors Regulation Authority approved the business’s creation of a six-month technology seat for its training contract.

split is more even – half say yes, and just over a third (37%) say no, with the final 13% unsure. Although a fairly encouraging 57% of respondents say their firms have sufficient budget available for “non-operational/non-‘business as usual’” IT (30% say no) – almost half report that the firm is restricted by the way its technology choices are financed “to an extent” and 5% claim that is the case “significantly”. Nevertheless, to our minds, these results together suggest firms are finally waking up to the need to put more resource behind identifying the technologies that can help them to become more efficient or better compete.

Kevin Brown, head of information systems at Weightmans, says: “We shouldn’t view innovation as the sole domain of technologists. Like health and safety and cybersecurity, it’s everyone’s responsibility. We should all be looking for ways to do things better. Innovation needs to happen at all levels, and all levels need to be given the time and opportunity to think about innovation.”

He adds: “However, technology entered law firms later than many other industries so the influence of IT leaders is ‘behind the curve’ – but this is changing, and certainly at Weightmans

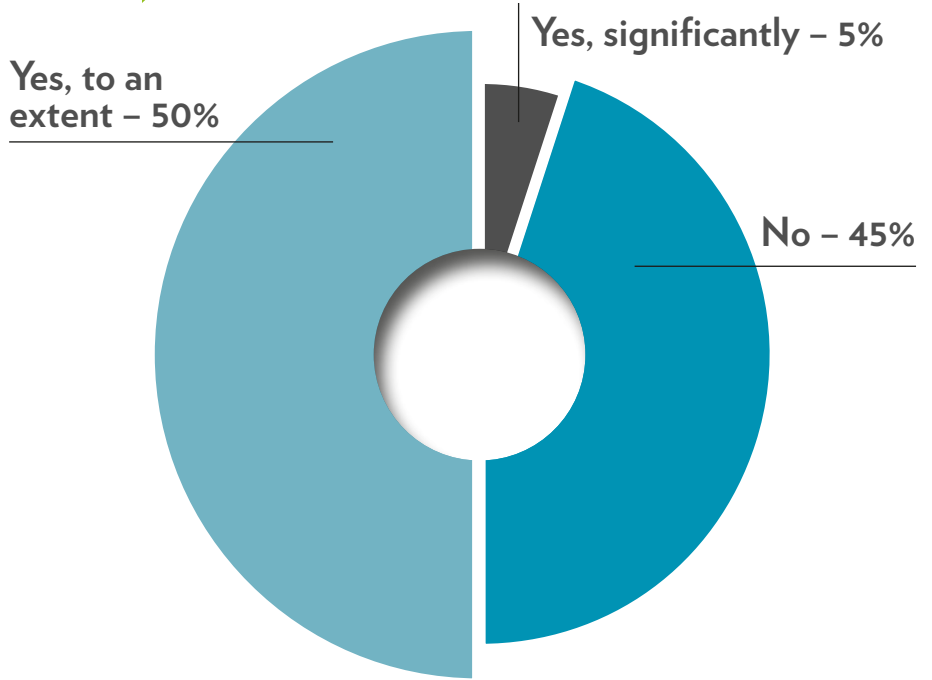
technology is a key part of the strategy. We have board-level representation, and a healthy technology investment.

“The culture of investment needs to shift to accept failure and adopt a fail-fast mentality to R&D. I’m sure we’ve all been part of, or know, a project that is ‘doomed to success’, where you battle on and expend untold resource because we’ve spent the budget and now need to make the technology work. Contrast this with industries with a rich R&D heritage, such as pharma or manufacturing, who are happy with a hit rate of 10% in R&D initiatives. We shouldn’t look for equivalence with these industries as the market

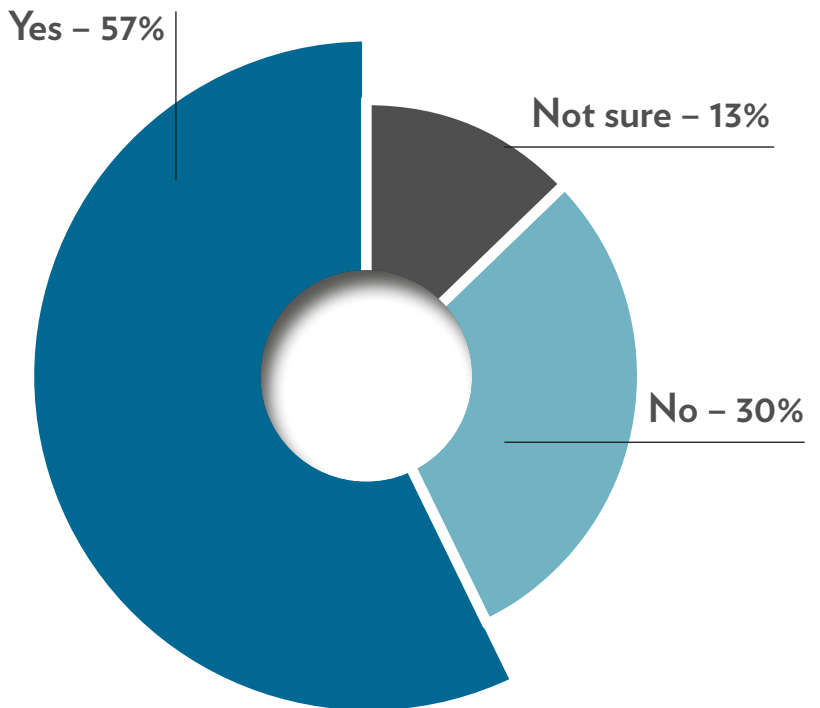
“The culture of investment needs to shift to accept failure and adopt a fail-fast mentality to R&D. I’m sure we have all been part of, or know, a project that is ‘doomed to success’, where you battle on and expend untold resource.”

Kevin Brown, head of information systems, Weightmans

Is your firm restricted by the way technology is financed by the firm?



Is there sufficient budget available for non-operational/non-'business as usual' IT in your firm?



and pricing opportunities are different, but we should recognise that not every investment will pay off.”

A finance director at a top 50 law firm – which doesn’t have a formal budget for R&D – says: “Partners still largely sell themselves, and the firm, on the basis of their own abilities – and as a result, a lot of R&D is essentially done at the coalface of client demand at the time.

“That’s not to say we don’t do it at all, but the it’s not all about starting from scratch.”

Maurice Tunney, IT director at Keystone Law, adds: “I do sit on the board, but I think that’s still fairly rare in law firms. In previous roles I’ve been called to board meetings as and when needed – and only there for the time I was needed to give an update. In some firms, IT directors report to the finance director, which I personally don’t think sends the right message in terms of the importance of IT.

“It is changing, with more IT leaders being invited to partner conferences, for example. With technology needing to be so much at the forefront of all businesses these days, IT should definitely have a seat at the table.”



3 BUSINESS EFFICIENCY

As the 2017 Budget for the UK highlighted – just as Legal IT Landscapes 2018 was finalised – productivity is a big problem for the economy as a whole. Law firms are rightly highly focused on the drivers of efficiency – and aside from artificial intelligence (what else?), the most highly valued suite of technology products for efficiency are those that provide a boost through greater automation.

Document automation received many a mention once again – but so too, this year, did ‘robotic process automation’. The overall conclusion we’ve drawn from Legal IT Landscapes 2018 is that although automation is rated approximately the same for driving efficiencies as it was in last year’s research, it is now much better regarded as an engine of greater efficiency for business functions right across the firm – perhaps even for the ‘holy grail’ of joining those functions together for improved collaboration and client service. It’s certainly not just for the lawyer community.

Indeed, although automation is ‘hot’ as topics go, its current performance on the firm’s legal

work is decidedly lukewarm. On a scale of one to 10 for “how automated” legal work currently is across the business, firms reported an average of 3.1. That falls a long way short of how automated they think such work could be – a much healthier-sounding 6.8/10.

Why such a large gap? Well, we can only assume a lack of the necessary technology might have something to do with it.

Our FD at a top 50 firm says: “It’s partly money of course, but as well as the investment in IT, there’s also – for example – what firms are prepared to pay for staff who could lead them further in that direction. There are cash constraints in any business, but I do think lawyers, by their very nature, are good at identifying problems and will find a reason why something can’t work ... shouldn’t work ... isn’t for us.

“That said, I can understand why lawyers aren’t keen on being pigeonholed and put into a process. There are cultural issues generally. Another one is herd mentality: where the first question that gets asked isn’t ‘what’s best in the market?’ but ‘what are the other law firms doing?’”



In terms of the automation of processes more generally, others also identify challenges accompanying the opportunities.

Abby Ewen, IT director at BLM, describes a piece of integration with a client's claims-management system that means cases can automatically be opened, and information immediately gets fed through, using the firm's management system. "It's a two-way integrated data exchange, where milestone information also feeds directly back to the client," says Ewen. "It removes the need for double-keying, or sometimes even triple-keying data into different systems, and creates more consistency and visibility." And it also creates a better outcome for the firm. "When you

come to the end of the case and it's time for e-billing, you know the information will be correct, as the customer gave you the information upfront."

The rub, however, is that's all just for a single client. Another barrier to greater automation is the degree of variation among clients. Ewen continues: "It's quite possible that we currently incept matters from 100 different clients in 100 different ways. Some will email, some will send multiple attachments, some direct us to a portal, some will send a spreadsheet. There are so many variables.

"If we can find our way to have lawyers just start working on files rather than having to go to various different places to get information from various different customers – create a totally automated process with consistent instruction formats and an ability to extract all the metadata – that's really the nirvana for me. But it requires lots of in-depth conversations with lots of customers as well."

Then asking this year's LITL respondents which area of the firm's business services/support work could benefit the most from more automation technology, it was an easy win for the finance function. That could mean the billing cycle

"It's quite possible that we currently incept matters from 100 different clients in 100 different ways. Some will email, some will send multiple attachments, some direct us to a portal. There are so many variables."

Abby Ewen, IT director, BLM

Which processes or elements of legal services delivery benefit/would benefit most from process automation with technology in your law firm?



to improve collection, something as straightforward as expense management, or perhaps even the huge driver of pricing work more profitably each time parameters are repeated. Finance was singled out significantly more than even technology as a department, and twice as often as knowledge management.

Stuart Peggie, international business manager at Eversheds Sutherland, puts the billing system at the very top of technologies for both efficiency and competitiveness. “In five years’ time, a global and transparent billing platform will surely cease to be a differentiator for an international law firm. It will just be an expectation,” he says. “At present, it probably still splits firms – but in the future I think billing out to 100 countries in a timely fashion, ideally to be easily viewed and responded to online, will just be the way things are.”

And what of our star performer in both the efficiency and competitiveness stakes, artificial intelligence? In Legal IT Landscapes 2017, only a quarter (24%) of respondents said they expected their firms to be using some form of AI technology within two years – almost half (48%) said it would take five years for them to get there. Interestingly, this year there are far fewer complaints about the ‘hype’ factor with this particular technology.

Kevin Brown at Weightmans says: “AI has relevance across the board. It’s as likely to have uses in bespoke work as in commoditised, and for the larger full-service firms the key will be having AI solutions that can work across practice areas – more platform approach than a specific niche product.

“Client pressure on rates, and the need to deliver value-add – in terms of telling the client something they didn’t know about their portfolio – requires law firms to do something different.”

And that perceived threat of the robot hordes to the partnership model? Well, that’s real too. “AI and ‘big data’ can combine to influence both process and people,” says Brown. “As an example, there’s guiding more junior staff through more complex cases based on analysis of a suitable volume of historical outcomes.

“But it certainly has the potential to change law firm structure as well. By dint of their experience, generally partners are viewed as the arbiter of the right and wrong way to approach a case – but the recent AI challenge has shown that machines have the potential to do it better. So, what does the law firm partner or associate do when their experience isn’t required?”

On a scale of 0-10, how automated is legal work in your firm (try to think about the business overall)? 0 is not automated at all – 10 is very highly automated.

3.1^{AVG}

6.8^{AVG}

On a scale of 0-10, how automated do you think legal work COULD be in your firm (try to think about the business overall) with technologies currently on the market? 0 is not automated at all – 10 is very highly automated.

SPONSOR COMMENT

Smarter, safer with AI



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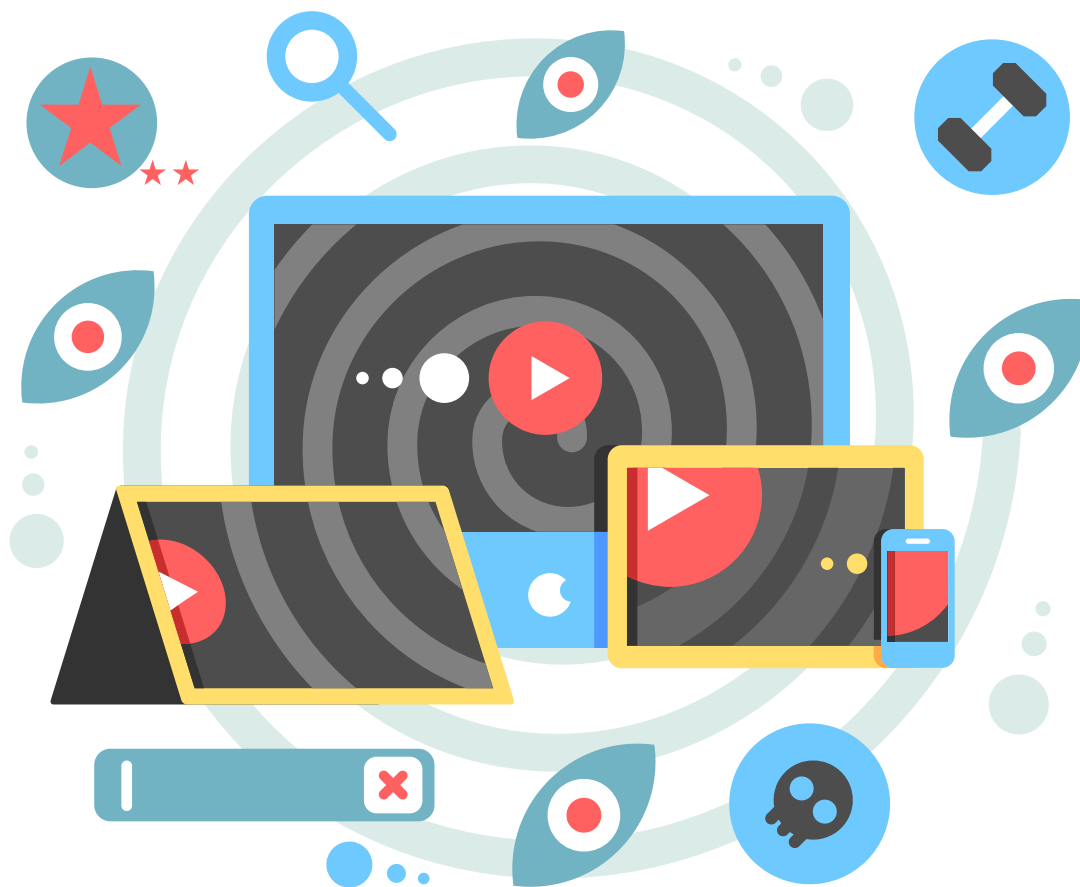
Advanced enterprise search capabilities link knowledge assets to personnel via an integrated dashboard and professionals can train the engine to read documents and extract valuable KPIs. Advanced solutions are now delivering new forms of cost reduction and competitive advantage to boutique and global law firms alike.

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Advanced solutions are now delivering new forms of cost reduction and competitive advantage to boutique and global law firms alike.

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Peter Wallqvist, VP of
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4 CLIENT CONNECTIONS



One of our very favourite sets of results in this year's research is in response to the question: which kinds of businesses are most threatening to your firm's future?

Respondents could choose more than one category here, but by far the most popular response was "other law firms like mine" (something we have also called "standard competition").

Legal-technology-based new businesses, and businesses that combine technology and contract lawyering, followed – but we still feel that these responses reveal something interesting about law firms. They're likely to be underestimating the extent of the threat posed by businesses that don't fit their mould.

There's also a fair degree of complacency about clients deciding to do more work in-house – only 12% were concerned about this. And the Big Four

branching out into legal services again via their alternative business structures? Only a tenth were bothered.

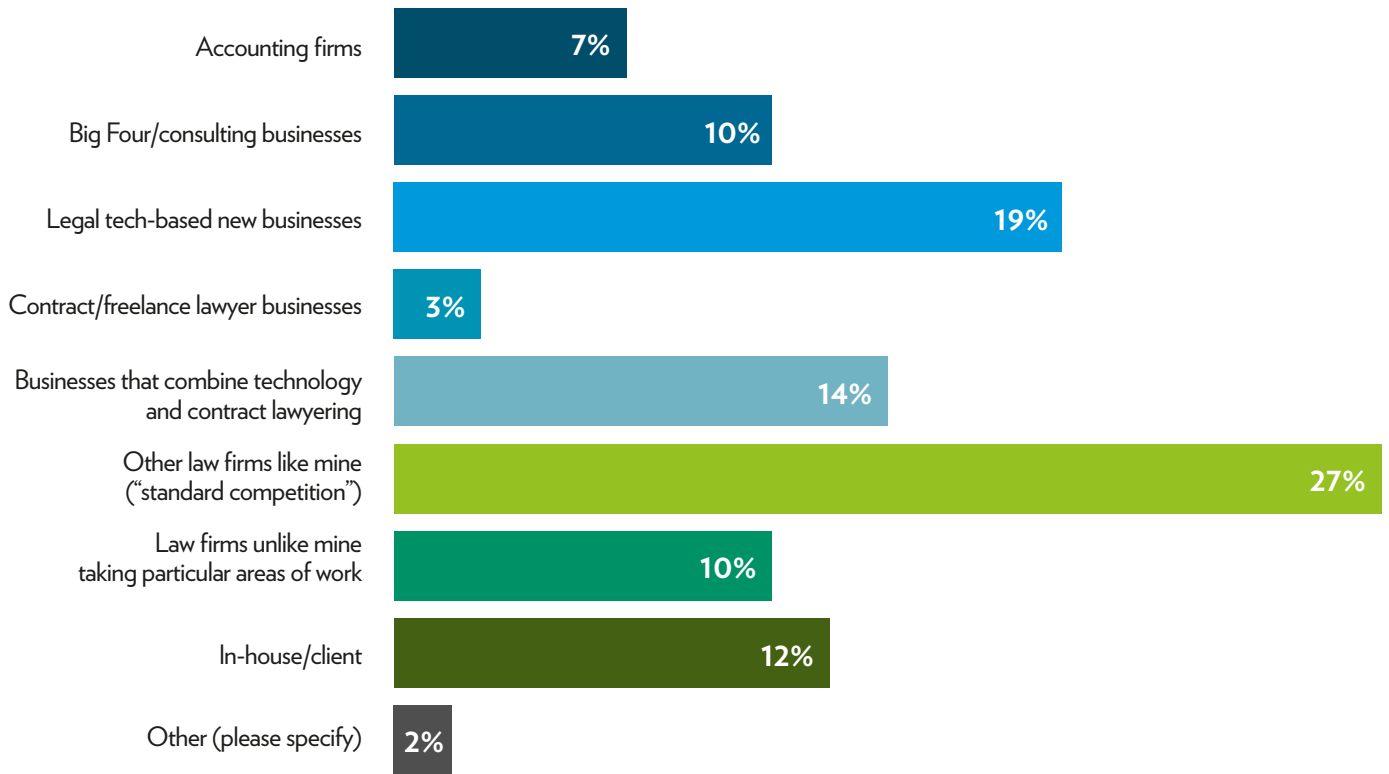
However, Abby Ewen at BLM was one of that 10%. "If you look at a lot of the technology that a lot of our firms are weighed down by, you could almost describe us as encumbered with a legacy rather than a digital mindset.

"Some organisations coming in to the market, both in our environment and our customers' environments, can be more agile, more digitally focused, and less weighed down by infrastructure as well as hierarchy." They also typically appear to be driven by different metrics, she says.

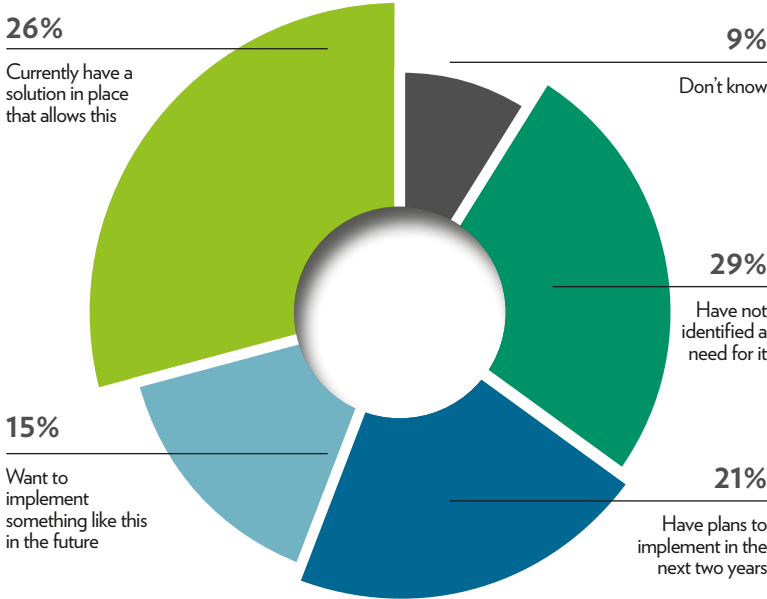
"People have been saying for years that the one partnership business model is dead. I don't believe it is – it's very much alive and kicking – but that doesn't mean it's always the best one."

One business area apparently on the rise in legal

Which kinds of business are most threatening to your firm's future (thinking about the bulk of business done, or areas where most revenue might be made)? You may choose more than one.



Thinking about technology that allows clients to start or re-scope or amend work directly within your firm – do you?



in recent years is the pricing specialist, but there still seems to be plenty of space for technology to step in and potentially make a bigger difference here. More respondents don't have dedicated pricing tools (or don't know) than do in all three categories of "high value", "mid-scale" and "volume" operations. Going back to our question about where automation might find its quickest wins in the business services world, perhaps this is one of those areas where the star player AI may seize its opportunity to shine even brighter.

Another hot technology topic for **Briefing** in 2017 has been the extent of collaboration, specifically on the data and workflow front, between law firm and client. For example, around a quarter of firms today (26%) have a solution that allows their clients to start, amend or rescope work directly using a system. A further fifth (21%) already have plans to implement something along these lines

SPONSOR COMMENT

To automation, and beyond



The term ‘automation’ implies reduced, or absence of the requirement for, human input - regardless of context - and is therefore perhaps one of the defining characteristics of technological evolution.

In everyday life, and in business, it is of course easy to see examples of automation. Whether it’s pressing a button on a coffee machine, switching on the washing machine, or a robot arm constructing a car, ever-increasing automation of once manual human tasks is happening right in front of our eyes.

Depending on how you see it, this can either seem ominous, implying the obsolescence of the human, or exciting – by suggesting that we can spend the time doing more preferable things.

The important consideration is how we as humans adapt to automation’s ever-growing presence.

In business, the same is true. Before computing, business was run on paper. Messages to people on the other side of the country took days rather than milliseconds, and the provision of goods or services would likewise be comparatively slow.

Assuming we all acknowledge, and probably embrace, automation in our daily lives, there is certainly a lag.

Yet this report shows that individuals in these organisations acknowledge that automation could play a bigger part in their businesses.

In the legal sector, there are many solutions available which automate departmental-scale processes – document management, onboarding or board pack distribution, are just a few examples. And this is surely a good thing, at least based on the above premise of being able to do more with the time released to us by technology.

I’m proud and excited to see the legal industry casting off traditional legacies with sheer vigour, to find new ways to compete and optimise at every turn.

However, there is an extra level of automation I believe legal firms could exploit even more, and this is wider, more comprehensive and joined-up automation across an entire firm, joining all the different elements of a business together, including financial, technological and operational functions, to produce a less disjointed, and therefore more efficient, business.

This meta-automation is the next phase of the technological revolution, and goes hand-in-hand with, for example, the Internet of Things. Some industries have had to adopt this already – such as manufacturing – and I’m proud and excited to see the legal industry casting off traditional legacies with sheer vigour to find ways to compete and optimise at every turn.

Money isn’t really a barrier to innovation. If it was, there would have been no Apple and no Google. Ideas are free, and innovation isn’t about technology.

So, I hope this report helps you to think about ways to innovate, and gives you examples of where your peers have found the gaps and exploited them. ▲

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Owen Ireland, account manager, Board



over the next two years, and 15% can see the value and “want” it. It’s interesting, however, that another quarter (29%) don’t see a need for this sort of collaboration, or ‘self-service’, on work as it evolves. Presumably they still want to receive instructions in a more traditional manner.

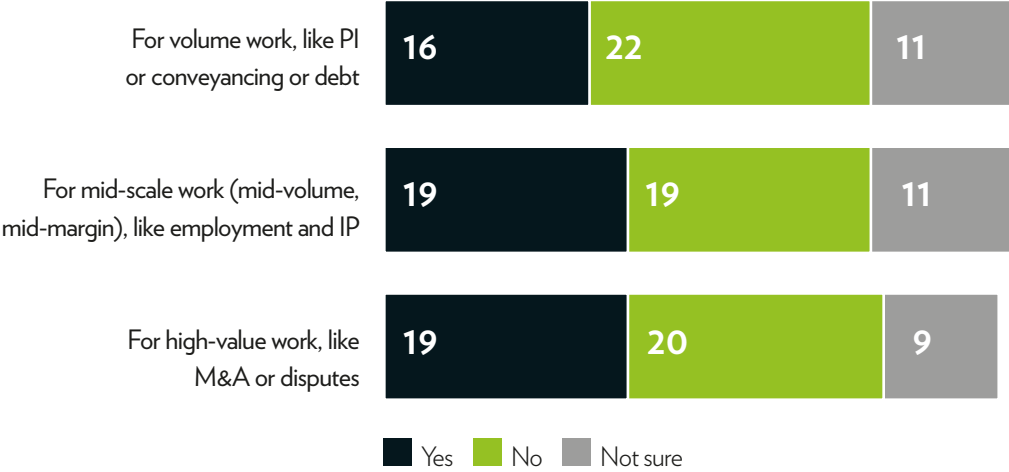
David Halliwell, director of knowledge and innovation delivery at Pinsent Masons, says: “Clients today expect data-driven advice, whether that’s using technology to draw legal conclusions for them, or reporting back to clients what we know about them and their business based on the

data we have from their matters. I think that is going to be a big opportunity for law firms to create new service lines in future, enabling them to be very competitive.

“Our own clients are massively into collaboration. And the easier that collaboration becomes, the more likely you are to keep the clients, enhance the relationships, and also to develop new propositions for them. I also believe that doing that online will be a key to maximising the opportunity.

“I’ve also seen an interesting online negotiation-

Does your firm use any IT solutions (third-party or developed in-house) specifically aimed at pricing legal work?



collaboration tool, where people can agree commercial positions and automatically import drafting as a result of that agreed stance.”

But we should probably really be asking: What does the client think? Avnee Thakrar, senior legal counsel, 3M, says: “I’d like to see more collaborative tech used to give legal input into the early stages of product design so that our products are, for example, GDPR-compliant from manufacture. That’s also the case with business and manufacturing

processes – the development of pricing processes, for instance, could benefit from input from competition lawyers at the early stage to ensure practices meet anti-trust laws; that way only high-risk strategic matters are routed to lawyers for review, where they can really add value.

“To be honest, firms tend not to collaborate with us on tech to see what we need upfront. The focus is still possibly on process improvements in their own enterprises, which is wholly understandable. Tech that would be valuable to an in-house legal practice would help us in our objectives to deliver cost effective, value-added legal services to our business. Our role as partner guardian is to protect as well as grow the business. Tech which, for instance, reduces time to contract works to grow our business or provides an advance warning system for legal or compliance risk.

She adds: “If a firm does have its own online collaboration systems, these have to be user friendly and easy to access, with high levels of security.

“In particular, solutions that can handle multiple languages and the complexities of working across different legal jurisdictions would appeal to a global organisation like 3M.”

“I’d like to see more collaborative tech used to give legal input into the early stages of product design so that our products are, for example, GDPR-compliant from manufacture.”

Avnee Thakrar, senior legal counsel, 3M

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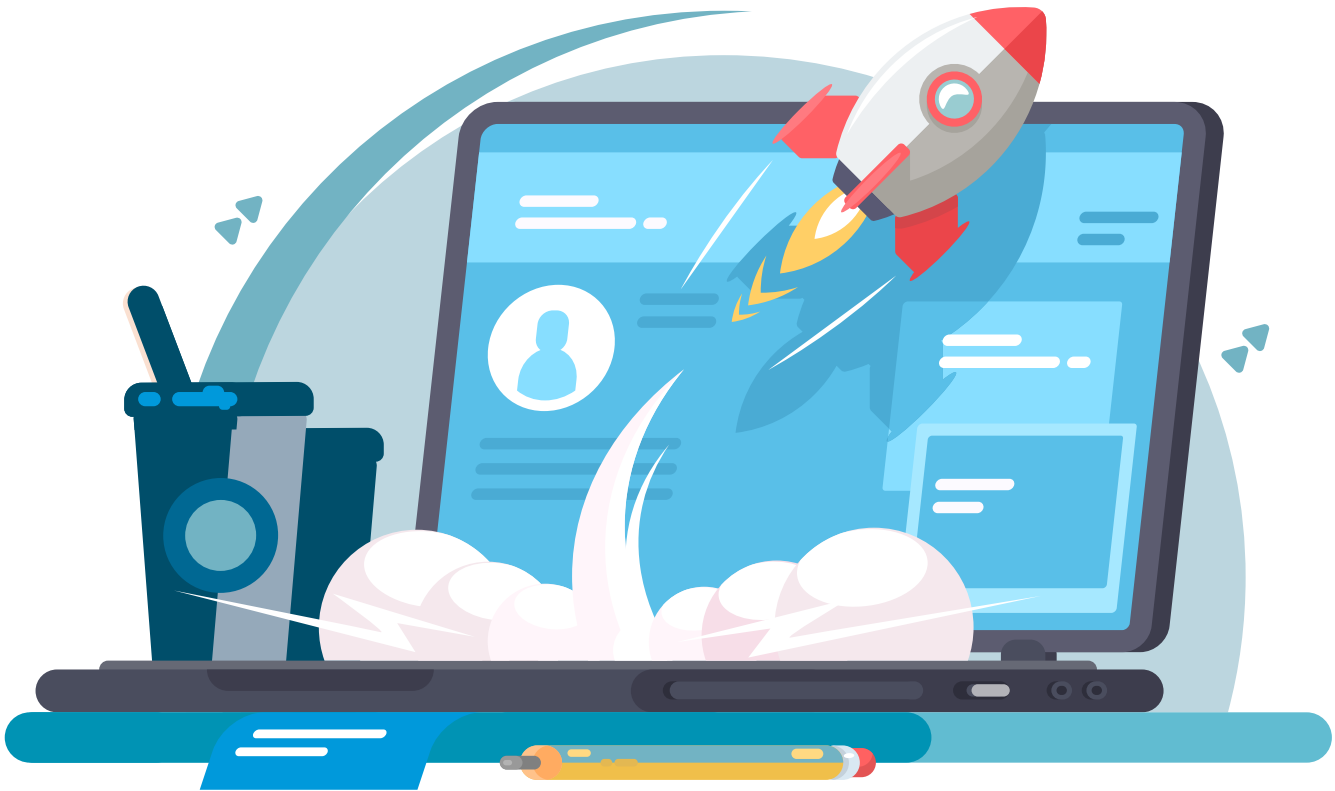
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5 SMARTER WORKING

What two-word law firm business management phrase do you think **Briefing** has had more press releases talking up than any other in 2017? Artificial intelligence? You'd be wrong. It's agile working.

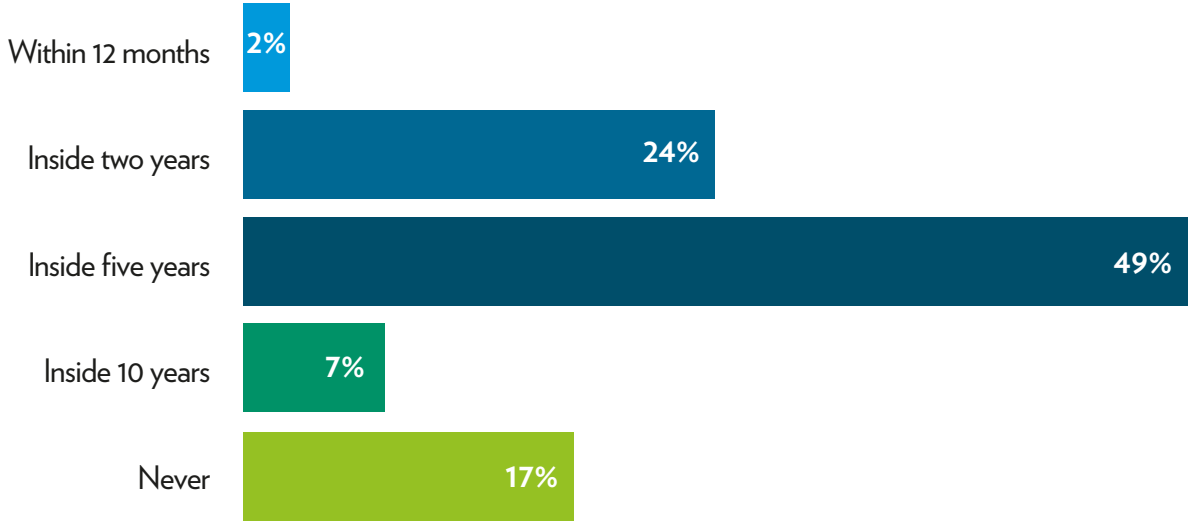
It's rare to find a leading law firm today that doesn't agree some form of regular combination of office and home working makes sound business sense. That's for efficiency, clearly – but it could also well be a driver of competitiveness, as work/life balance emerges as a big factor in talent retention. At the same time, with technology such as unified communications and document collaboration – quite possibly globally – important clients need never again, frankly, be told that nobody is currently available.

Still, Legal IT Landscapes 2018 suggests that firms aren't quite as geared up for fully mobile working as they might think. A little over half

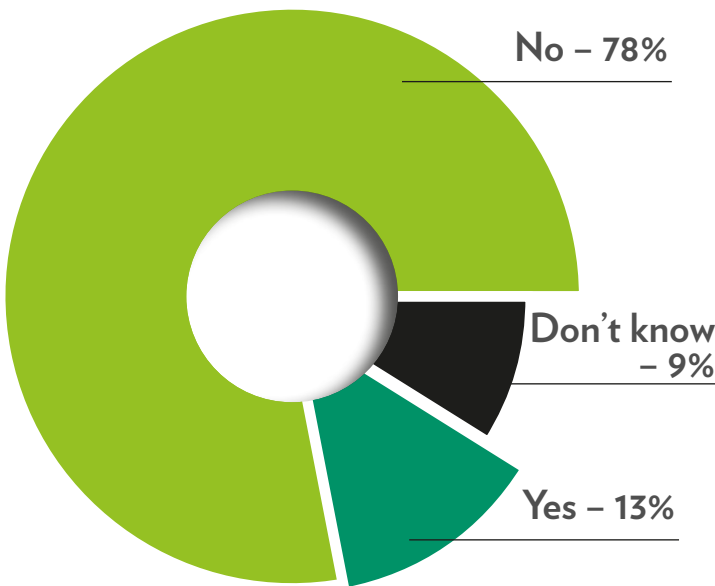
(58.6%) of respondents described their firm's people as a “truly enabled mobile workforce” (by which we mean, having an ability to work on any device, at any time, and anywhere on core work tasks). Our Innovation in Global Legal Business earlier in 2017 found, however, that all employees' core tasks inevitably won't be equal, and there is some potential risk that the attractiveness of agile working can't practically extend to every team in every department.

This year, once again, we wanted to check in on how far firms have chosen to go down the hotdesking path (do they have more people working for them than desk space available on any given day in a typically open-plan office environment?). In other words – is there a situation where some people must be ‘on the move’ in some way, or comfortably have avoided that morning's commute? Of course, we know that

Over what timescale will your firm move to a point where it employs significantly (>10%) more people than it has desks for them all to sit at?



Does your firm currently have significantly (>10%) more people than it has desks for them all to sit at?



many firms will realistically still have some hybrid of open-plan and cellular spaces – but the question is: Does your firm currently have “significantly” (that is >10%) more people than desks for them all to sit at?

Going into 2018, the answer is still, as a rule, no (78%). A slightly worrying 9% apparently aren't even sure if they have a desk to call their own – but the really interesting finding is how much this one has changed in just 12 months. Today, 13% of respondents say they are indeed agile working in this way, compared to 8% at the close of 2016.

Similarly, very nearly half (49%) of people expect their firms will be in this position within five years. Only just over a third (35%) said they could envisage that last year.

Top 50 finance director says: “The cost of London office space is such that it's getting quite ridiculous to put people in the position of travelling

What percentage of your legal professionals would you classify as a truly enabled mobile workforce? (By which we mean an ability to work on any device, any time, anywhere, on their main work tasks.)

58.6%

for two or three hours to a fixed location to push keys. But I think the workplace really is changing now – you already see far fewer people on the train on a Friday. They're not doing four days a week, they're working at home.

“We'll see a lot more of that, and with a tool like Skype you can speak to people, share screens, and not even know they aren't in the office. We'll see an increasing number of firms with a very nice suite for client meetings, but where a lot of the day-to-day and support work is done elsewhere, from home, or perhaps a cheaper location entirely.”

Stuart Peggie at Eversheds adds: “We have pockets of the London office – certainly – with complete flex-desking, perhaps a ratio of 50 desks to 70 people. A very large number are on devices that mean they can go into any office and use any desk, but I think there's still a continuous evolutionary journey to go on to get most people to a point where they're fully comfortable working in this way.”

“We're also collaborating on projects globally using offices within the different time zones, and the real beauty of secure cloud-based solutions is that you can feasibly access anything you want at any point.”

We're pleased he said that (unprompted), as we also have a question about how fast firms are moving different systems over to the cloud. You'll see that very few believe their firms' systems will still be fully on-prem in five years' time, even for practice management. Out in front, meanwhile, AI,

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Driven by value



The results of the Legal IT landscapes research shows that a number of trends that have emerged in the industry over the last few years are converging. This is also driven by organisations such as the Consortium of Legal Operations Counsel (CLOC), who are working to drive greater levels of transparency between their members as to how law firms charge for particular types of service. The end result of this type of activity is that in order to win places on panels or specific pieces of work, law firms need to offer (and demonstrate that they are offering) the best value for money. In order to do this they need:

- Efficient processes.
- To understand, in detail, how much time and effort goes into the various component tasks of each of the different types of transactions they undertake.
- The ability to closely manage individual matters to ensure they proceed according to committed costs and timescales, regardless of the fee arrangement that has been agreed.
- To run the overall firm as efficiently as they can.

The Legal IT landscapes analysis shows how firms are responding to these pressures. There is significant emphasis in the responses on technology that will assist with the optimisation of working practice. The key clusters of responses are around workflow and process automation, document automation, agile working, internal collaboration tools, analytics and, of course, artificial intelligence. Furthermore, another key trend is the significant reduction in firms' estimations of when they will employ more people than they have office space for. This again echoes both the move for firm cost reduction and the trends in mobile and agile working that support it.

Many of the supporting technologies that firms are looking for are implemented, or better implemented, on a cloud platform – and thus, the other significant trend here is increased adoption of cloud technologies. In general, cloud services will have overall benefits for the firm in terms of agility for end users and a reduction in the effort required by IT to support such systems. Naturally firms are increasingly concerned with security, and they realise that there are significant benefits to be had by leveraging the enormous sums of money cloud providers have to spend on making their systems ultra-secure, rather than having to take on such responsibilities themselves. ▲

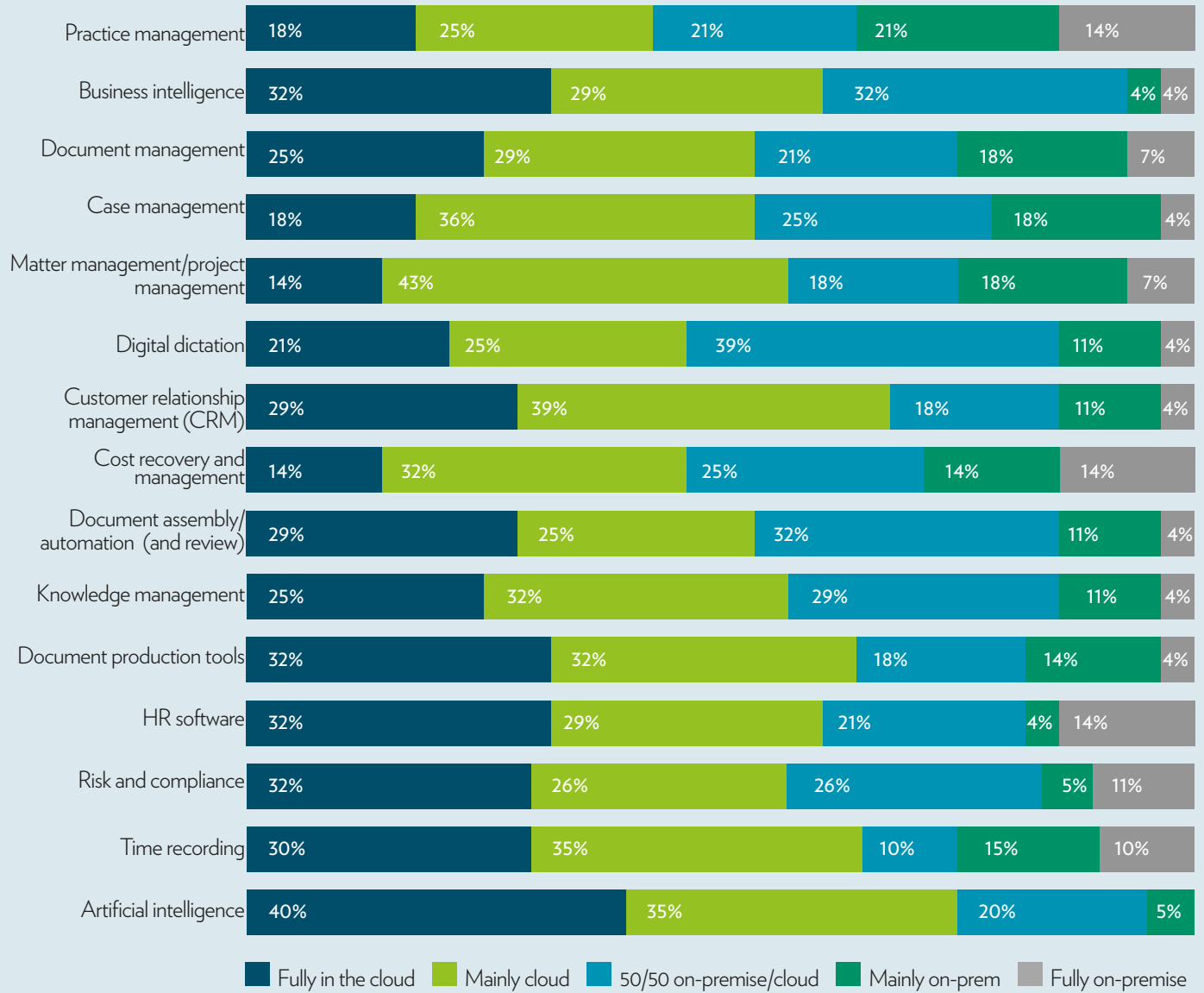
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Simon Elven, commercial and marketing director, Tikit



Many of the supporting technologies that firms are looking for are implemented, or better implemented, on a cloud platform. Cloud services will have overall benefits.

In five years' time, how do you think these systems will be used by your firm?



In previous years we've asked about cloud adoption over the next 5-10 years, but this year we've gone more granular as cloud services and solutions for legal business become more 'real' and prevalent in the market. This question shows respondents' perception of which systems law firms will be using in the cloud, and to what extent those systems will be cloud-based.

Most cloud-predicted are artificial intelligence and CRM (let's hope InterAction gets that memo) followed by document production, time recording, then business intelligence and HR software.



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Digital transformation accelerates change and introduces opportunity. More digital content has been created in 2017 than in the previous thousand years and successful businesses recognise that

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How information is managed, leveraged, secured and repurposed is the difference between progress and a plateau in your business or your firm.

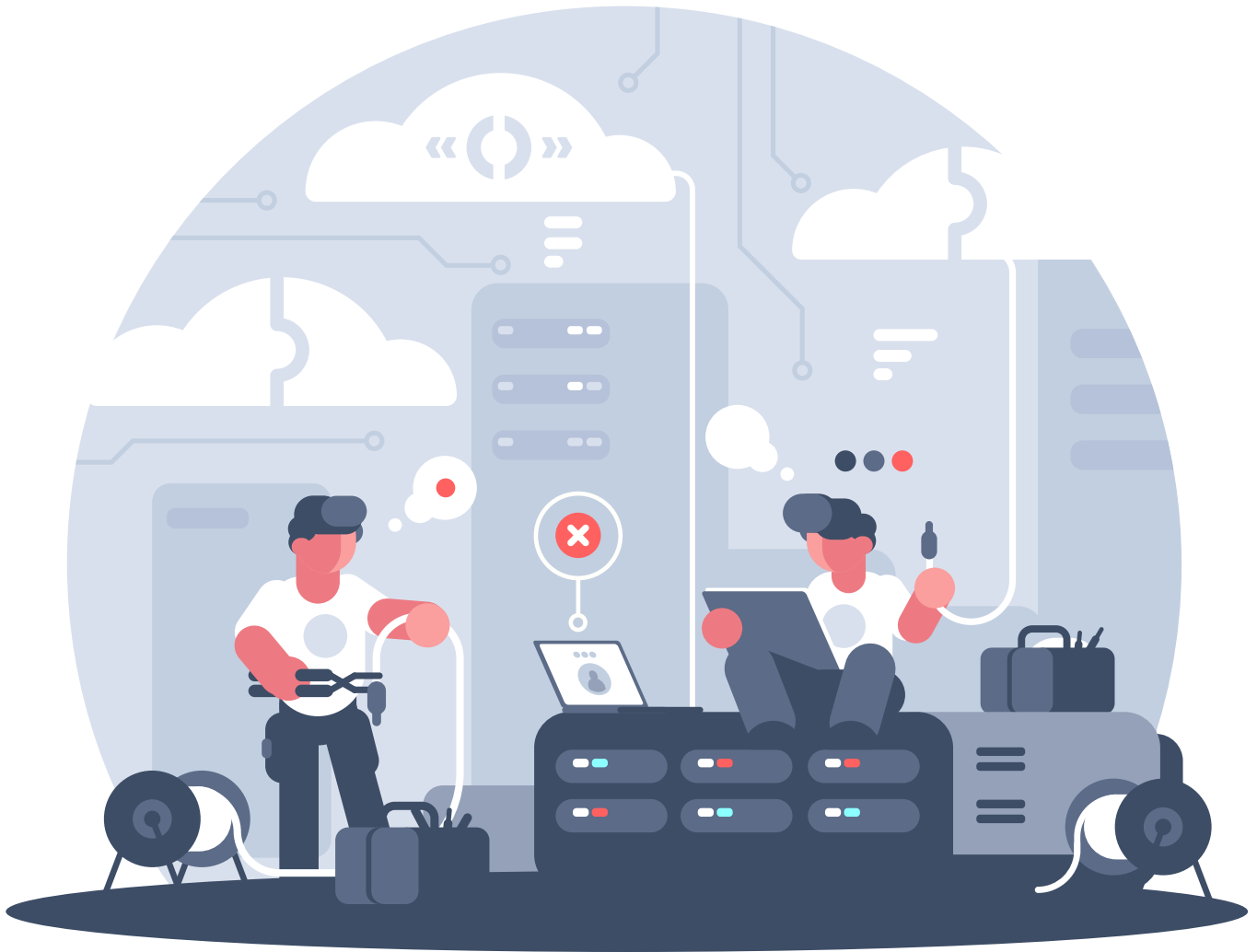
document production tools, client relationship management, knowledge management and business intelligence are the technologies where momentum seems greatest toward “mainly cloud” – arguably, the kind of tasks where accessing anywhere could make the biggest difference to both personal productivity and business pipeline. We're a little surprised not to see time-recording moving a bit faster on this front (unless, of course, fewer firms will be doing it at all!)

Maurice Tunney at Keystone Law says: “If you're not moving into the cloud, you're behind the curve, and possibly setting yourself up to fail. The benefits are there for all to see. It gives scalability, security and flexibility – and it frees up resource

that you would otherwise be using to ensure everything's working to focus on the value-adding side of business instead.”

Not everyone is quite such an enthusiast. Kevin Brown at Weightmans says: “It's not a panacea to all ills. For a supplier cloud makes perfect sense – controlled environment, lower support costs and single point upgrades – but used for everything it can increase costs.

“At Weightmans we're being quite selective about what we use it for. For volatile demand in storage and compute, such as certain BI and ‘big data’, cloud makes perfect sense. For predictable growth and usage applications, on-premise often provides a more cost-effective solution.” ▴



6 MANAGING DATA

One issue absolutely nobody has raised with migrating their systems over to the cloud in this year's research is the question of its security. Has this one finally been laid to rest perhaps?

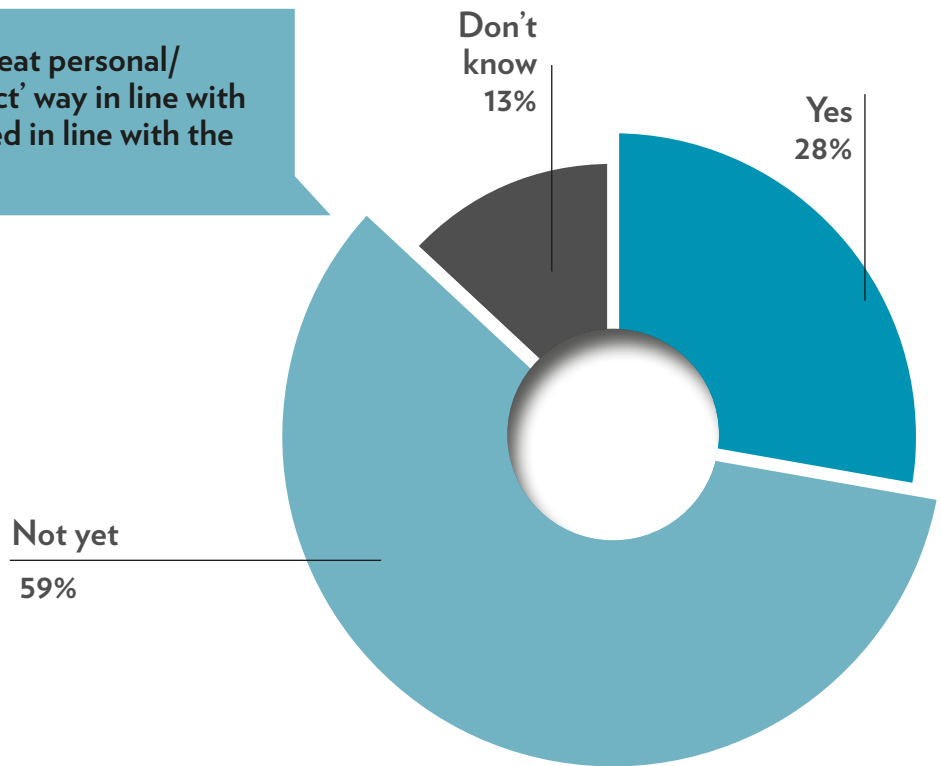
In Legal IT Landscapes 2017 we asked a lot of questions about data security, including how much clients influence firms' storage and rights-access decisions.

This year we decided to focus in ultra-specifically on the European Union's General Data Protection Regulation (GDPR), now less than six months away (and where we now know the UK government is to introduce its own new Data Protection Bill). The Information Commissioner's Office will have the same much-discussed powers to issue fines of up to 4% of global turnover (or £17m) for the most serious data breaches.

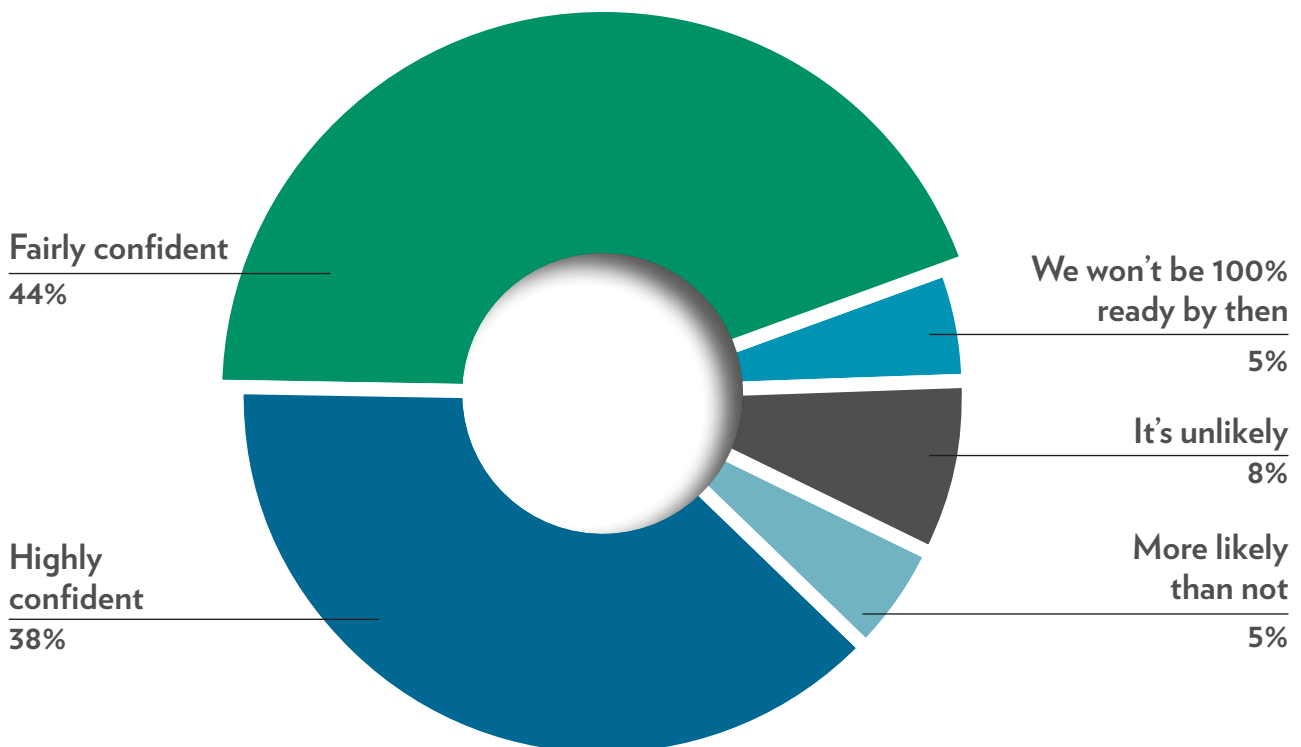
The results here really are nothing short of astonishing. When we asked whether people were prepared to treat personal data in the 'correct' way for compliance with the GDPR back in 2016, 43% said yes. Asking that question today, only 28% could say the same. Law firms today feel significantly less prepared for the GDPR regime than they did 12 months ago. The conclusion seems inescapable. It's an issue that has been underestimated – or simply left – and now they're worried (or resigned). Interestingly, the number of respondents saying they "don't know" if their firm is ready has dropped from 38% to 13%.

Let's return for a moment to our efficiency/competitiveness axis at the start of this report, and note that information security is, once again, ranked very low as a tech offering an efficiency boost. However, its standing has significantly

Is your firm fully ready to treat personal/individual data in the 'correct' way in line with new legislation to be enacted in line with the GDPR in May 2018?



If not yet or you don't know, how confident are you your firm *will be* fully ready to treat all personal/individual data in this way by May 2018?



improved on the competitiveness front. Legal IT Landscapes was being researched this year around the same time as the Paradise Papers exploded onto the news agenda. Following several other high-profile customer information incidents across industries, people are more persuaded than ever of the link between a personal data breach and their business's brand.

The vast majority of respondents are "highly" (38%) or "fairly" (44%) confident they'll be in the right place by the time it really matters (GDPR day is in May 2018), but there are still 8% of respondents who think this is "unlikely." And 5% say they "won't be 100% ready" by that point.

Of course, the GDPR is as much about how you act once an incident occurs as it is about investing in technology that can prevent a hack or leak.

Maurice Tunney at Keystone Law says: "Anyone who isn't taking their information security very seriously is playing with fire, and with more and more types of threats out there, the security vendors are multiplying like rabbits.

"But no matter how much you spend on tools for prevention in this area, breaches will occur. The most important focus now is on the systems in place for notification – knowing as soon as you've been breached, and taking the right actions as quickly and efficiently as possible."

David Halliwell, director of knowledge and innovation delivery at Pinsent Masons, adds: "We've seen an increase in data-protection questions from clients recently, but they're more around cybersecurity more broadly than GDPR compliance specifically. They're closely linked, but one is a subset of the other.

"We've done a lot of work on this area here already, and key now is introducing even more rigour around our supply chain. We're doing a lot of data mapping of exactly where people are hosting data, and integrating with others. That's extremely important, as is the issue of employee training. Keeping data protected is as much about people as technology." ▴

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Converging futures



It's the new digital age. The fourth industrial revolution. The 'End of Lawyers' and the start of a new business model where trainees are no longer taught the practice of law. Through their ability to code and converse with their virtual assistant – who has consumed every legal opinion, court decision and law in the land – their future is not as a lawyer, but as a legal innovator!

But why all the hype? AI, cybersecurity, robotic process automation, blockchain – are these technologies that revolutionise, or have we, the legal industry, bought into the marketing hype that drives our consciousness? Maybe, and quite controversially, it could be that firms and their owners are beginning to realise that technology is fundamental in providing quality legal advice and value-added services to their clients.

The latest Legal IT Landscapes report makes it abundantly clear that we are at a tipping point. In 25 years in the legal industry, I have never seen technology have such an impact on the practice of law and the delivery of legal services. Who would have imagined a magic-circle firm offering coding lessons to its lawyers? More surprisingly, who would have thought a lawyer would have shown any interest in coding? What we are actually seeing is the convergence of several disciplines, at the centre of which sits data and the value that can be derived from it. This is why technologies like AI, cybersecurity and blockchain are so fundamentally important; they are the lynchpins in firms' abilities to protect, process, interpret and analyse information, all points which are – or certainly should be – high on every boardroom agenda.

And this is the key. Whatever the driver – competitiveness, efficiency or regulatory compliance – firms should be truly embracing technology to the point where their entire business models are being transformed to take advantage of what these technologies can offer. Improving and streamlining processes to make them more profitable is one thing. Harnessing technologies to unlock the potential to add real value where it matters is quite another – and that is the quality, integrity and accuracy of the legal advice being given to clients.

The future is not the end of lawyers. It's convergence. It's getting to a point where there is a truly symbiotic relationship that empowers firms to leverage the best their lawyers and technology have to offer. ▴

Whatever the driver – competitiveness, efficiency or regulatory compliance – firms should be truly embracing technology.

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Jason Petrucci, CEO, Phoenix





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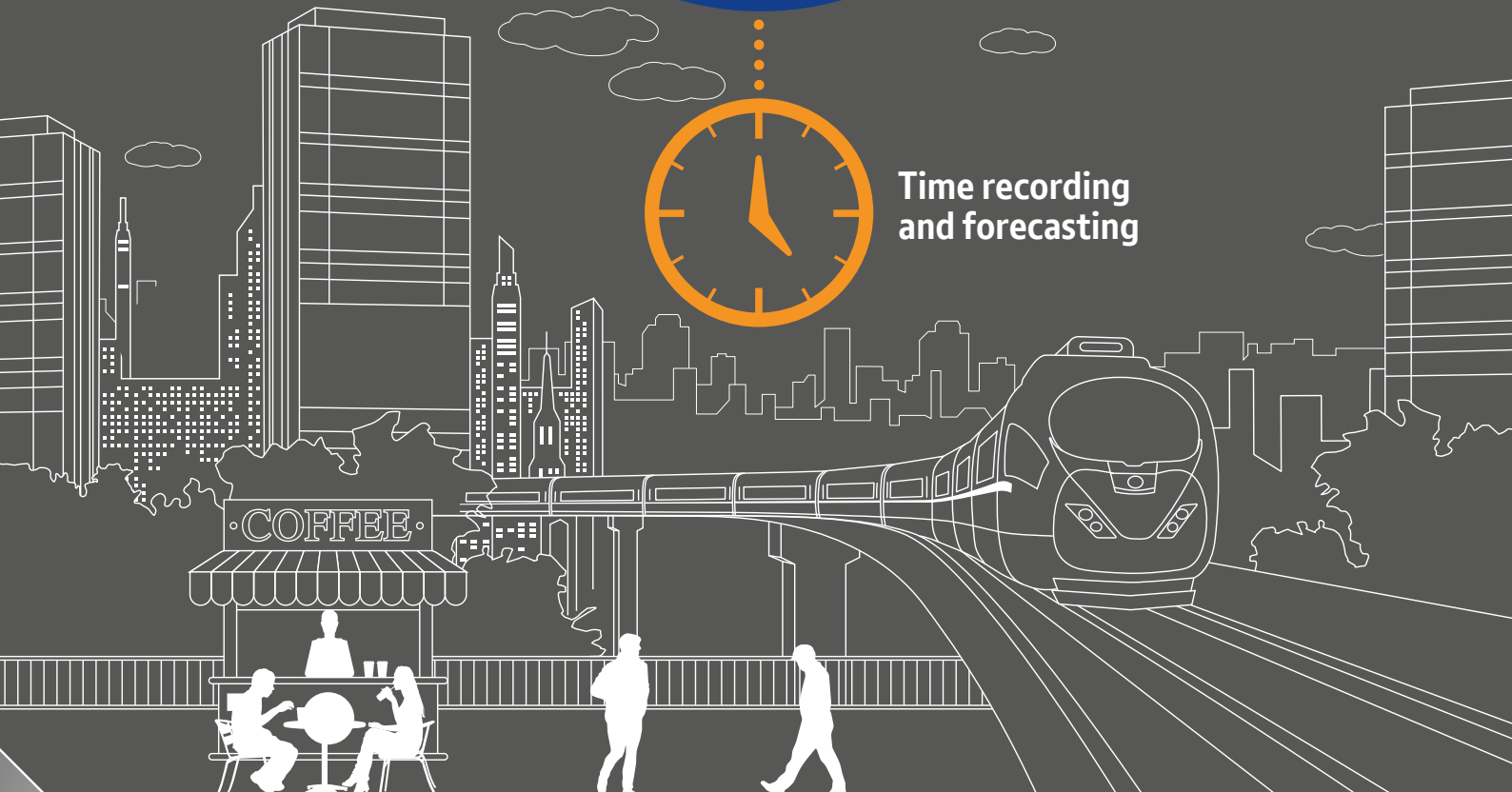
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