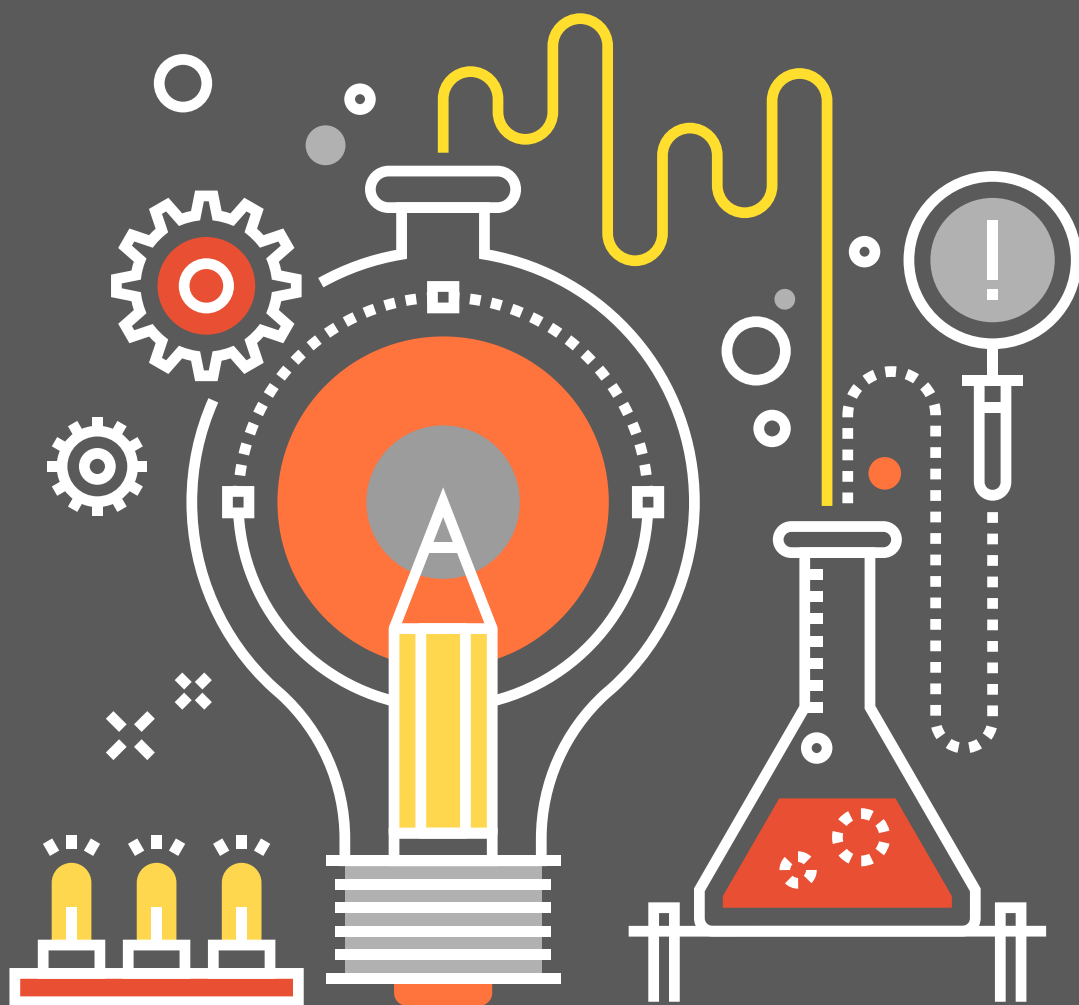


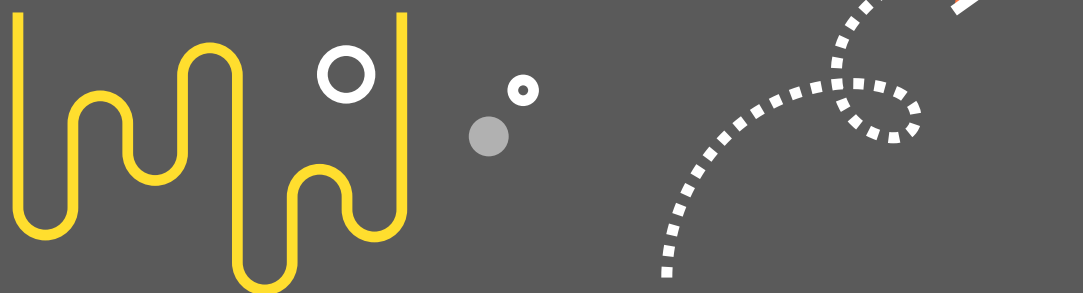
Briefing

RETHINKING LEGAL BUSINESS

How and why decision makers in top-tier law firms, corporate in-house teams, NewLaw businesses and others are innovating legal services delivery, and where innovation in legal will take them in the future



INNOVATION IN GLOBAL LEGAL BUSINESS



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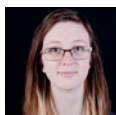
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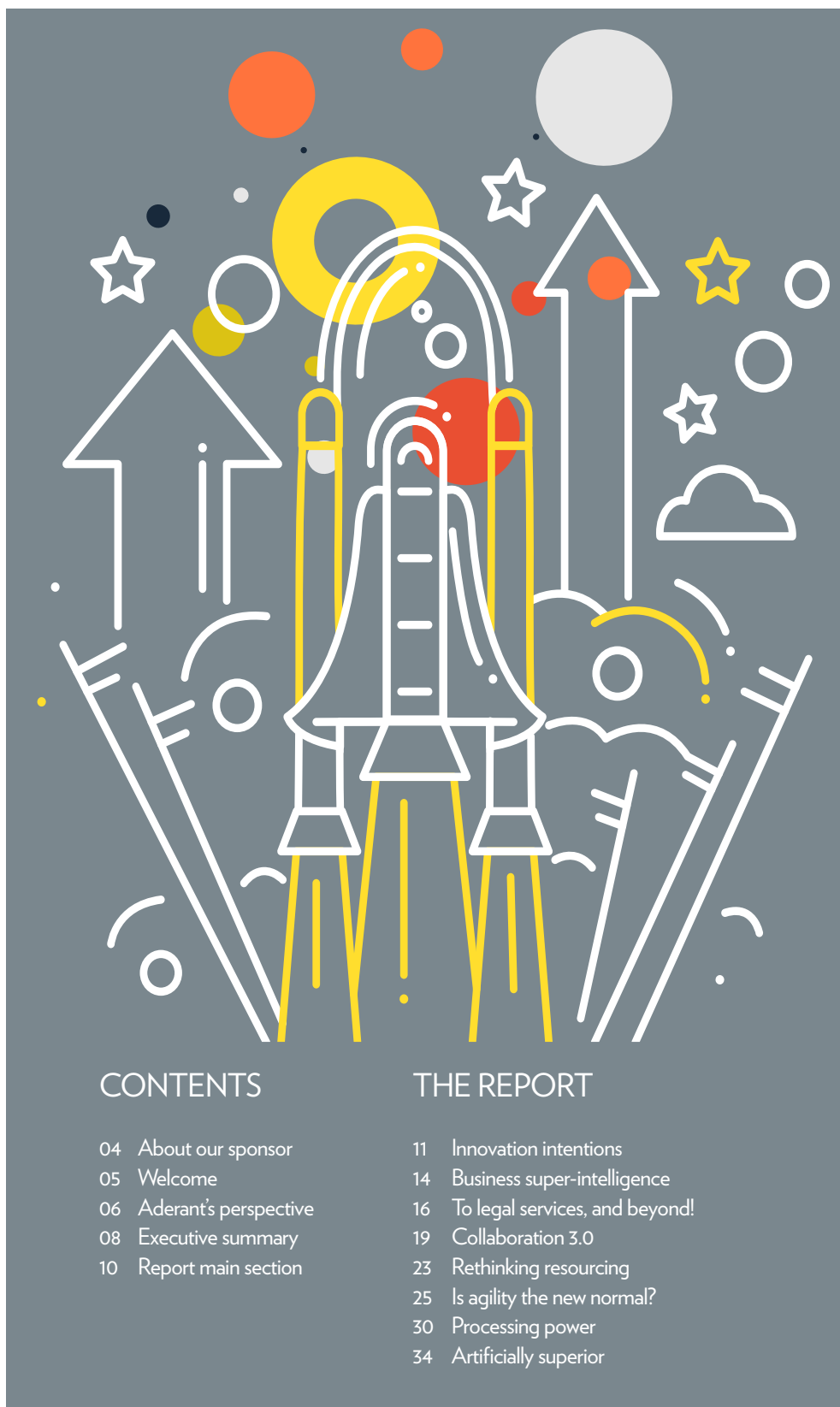
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CONTENTS

- 04 About our sponsor
- 05 Welcome
- 06 Aderant's perspective
- 08 Executive summary
- 10 Report main section

THE REPORT

- 11 Innovation intentions
- 14 Business super-intelligence
- 16 To legal services, and beyond!
- 19 Collaboration 3.0
- 23 Rethinking resourcing
- 25 Is agility the new normal?
- 30 Processing power
- 34 Artificially superior

Methodology

For this report **Briefing** staff conducted at-length interviews with 40 decision makers in top-tier law firms in the UK, the US, Europe and South East Asia, and in-house counsel, consulting, NewLaw and LPO businesses. We also conducted an online survey of over 60 decision makers in top international law firms with a related set of questions based on our interviews. These were analysed together to form this report. Note: graph figures may sum to 99% or 101% due to rounding.



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- Globalisation
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 WELCOME

In search of ideas

Innovation means different things to everyone, but in legal business it comes in both revolutionary and evolutionary flavours

When Aderant and **Briefing** first sat down to work out how to determine the state of innovation in global legal business, it seemed like a relatively simple project – ask people what innovation looked like in legal, and what they were doing that they felt was innovative. The reality was much more complex.

Edison could probably have put me straight, or Jobs, or Gates or any number of the great innovators of the modern age. Innovation isn't something you can just go and do – otherwise everyone would be doing it. It'd be easy. And it's not easy.

Instead, we've had to look both at what people saw as innovative in legal, even if it doesn't 'feel' like the cutting edge, and also look for the gaps, the interstices, to work out where firms could innovate to produce competitive advantage.

It's not good enough to tell you, the senior decision makers in global legal business, what people have done – that's innovation that's been and gone. We need to find out what's in the pipes and where the spaces are that you can exploit. What we found was a mix of 'iterative' and 'disruptive' innovation – and a lot of opportunity to be better than your competitors.

Going for the gaps

Change is hard. Innovation is, therefore, really tough because it starts out just plain hard and then creates the need for change. And people don't, as a rule, love change.

But legal businesses must change to

better compete with each other and an increasing number of NewLaw/non-law or non-traditional players.

Clients are changing ever faster, and some are way ahead of their law firm partners in terms of adopting new techniques and ideas, all of which are designed to make their lives easier and the legal services they buy cheaper.

These drivers don't make innovation any easier, though, and it's really hard to innovate when, in legal business, there's so much that could be improved. Where do you start?

I say look for the holes. Where are current solutions inadequate? Where is your firm rolling on without changing because an area is a cash cow? Where do your clients feel the most pain?

Then look outside legal, and ask people who don't normally work in the area you're looking at: 'If you started again, how would you solve this?'

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

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

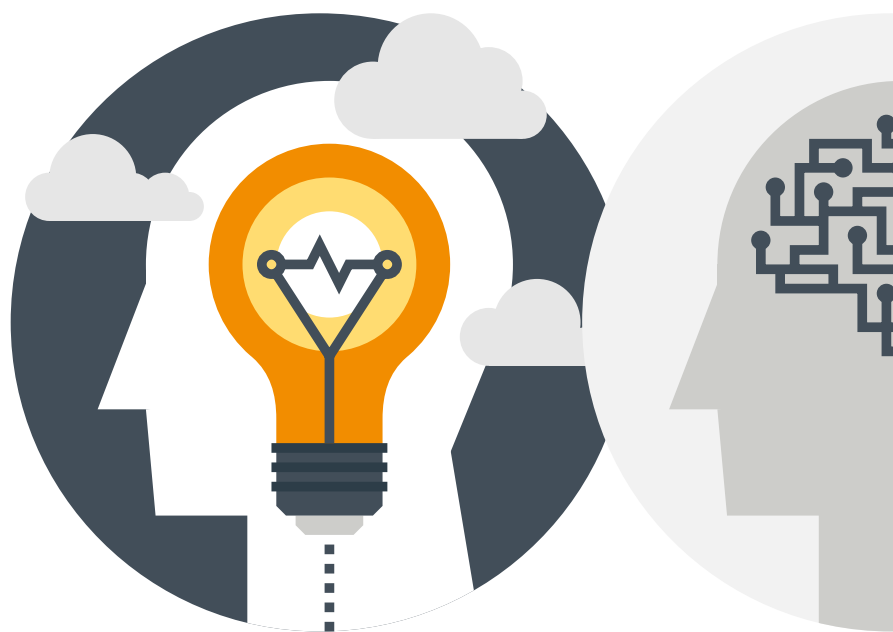
And thank you to Aderant for helping us to create this piece of work – their innovations are based on spotting the gaps, to help you deliver value. In the end, then, we're all doing the same thing. ▴

*Rupert Collins-White, editor-in-chief, **Briefing** and creative director, Burlington Media Group*

Change is hard. Innovation is, therefore, really tough because it starts out just plain hard and then creates the need for change. And people don't, as a rule, love change.

SPONSOR PERSPECTIVE

Better together, wherever



Legal services is being reshaped around fundamental tenets that are enabled and enriched by technology, and they're creating the legal business of tomorrow, says Emmanuel Kyrinis, vice president of product management at Aderant

In the legal industry, is the innovation causing the disruption or is the business environment causing the disruption that is driving innovation? Fee arrangements have, in part, shifted from the traditional time-driven billing, yet the need to track time doesn't change because firms need to understand and manage the level of effort involved in a matter to run a profitable business.

Millennials are driving the need for innovation; they are a disruption to the traditional law firm worker – they grew up with technology and information at hand – anytime, anywhere. Add to that, this generation is driving how they work as a disrupter. No longer do they accept an office position, nor commitment to a single employer, rather creating the contract worker economy. Currently for law firms, innovation is proactively addressing the need for change, which to a certain extent starts with technology that enables an easier path of change.

Much of the technology considered futuristic just a few years ago, is now in the hands of law firm personnel. The great thing about innovation

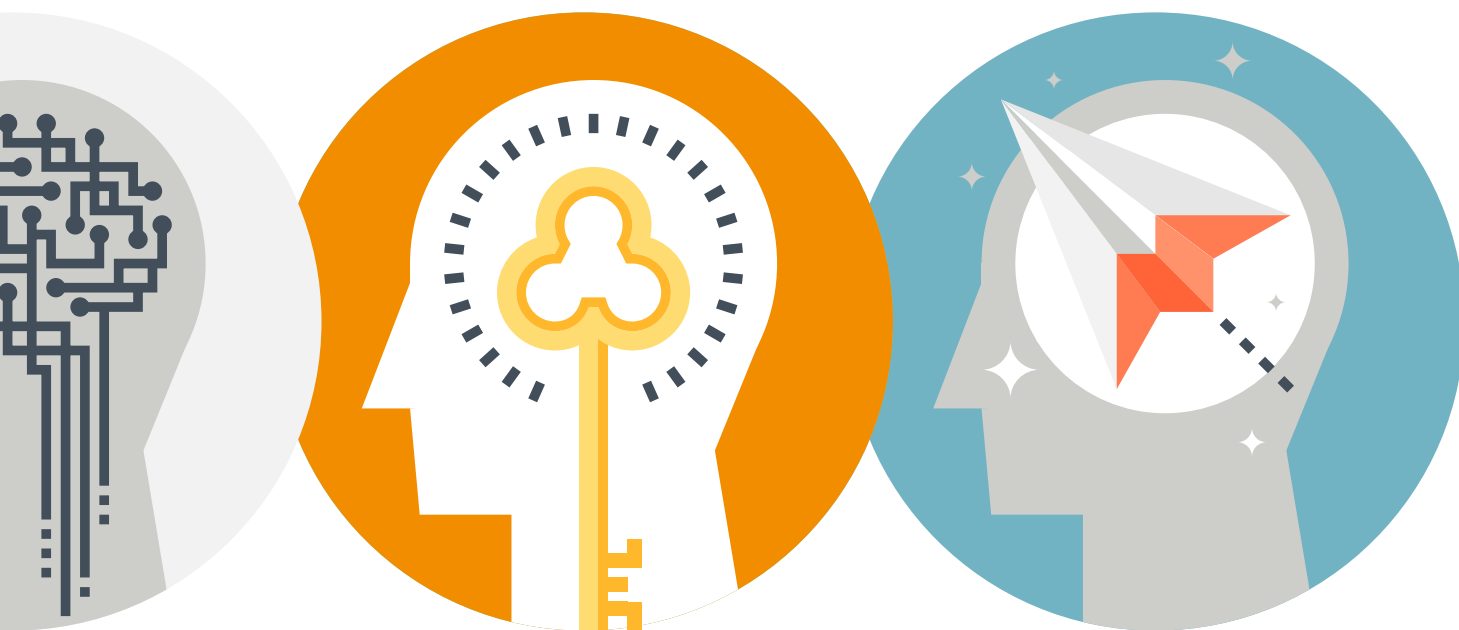
is that it allows technology to improve exponentially – as long as the core is built on a solid foundation. We see the foundation revolving around these basic tenets:

Mobility

This is so fundamental, it almost seems silly to even mention it. But you'd be surprised how often this concept is forgotten until after the fact, causing a mad scramble to create a patch or work-around to fix. Mobility is absolutely fundamental in technology, and anything worth consideration must be optimised for mobile use because it all comes down to access to information.

Collaboration

This term tends to connote the notion of co-workers getting together to discuss ideas. While that is an excellent concept, one that is promoted by us, when it comes to technology, we see this as more about enabling systems to collaborate with each other seamlessly. Our development of products always considers the concept of



collaboration with other software so the end result is a centralised, single version of the truth in real time, for all parties.

Automation

With the idea that technology should make things easier, automation plays a vital role. Automation requires change management inside a firm in that automation changes the way the worker works. From the basics of customisable templates and rules that make things more efficient, to more complex concepts such as artificial intelligence, the goal is to have AI enhance your job, not replace it. One thing for certain is that automation helps manage risk.

Agility

The three previous tenets add up to the concept of agility. Agility is an overarching need in support of innovation in firms for efficiency, standardisation and change in resource skills. Much like an athlete can be agile on the football pitch, we believe law firm personnel need to be able to work when they want and where they want. Whether a fee earner is in the office, on a train, in a cab, at lunch, or even at a cricket match, they should be able to access their work should the need or want arise.

What we see in this report supports our strategic direction in enabling changes in the law firm. Mobility, collaboration, automation and

Mobility, collaboration, automation and agility are current and active drivers that firms are focusing on to improve their business and better serve their clients. Whether it is automating document assembly, or billing process, speeding up the transition of work into cash, the client or industry environment, disruption is driving the need.

agility are current and active drivers that firms are focusing on to improve their business and better serve their clients. Whether it is automating document assembly, or billing process, speeding up the transition of work into cash, the client or industry environment, disruption is driving the need. And the worker's ability to have information at their fingertips anywhere, anytime, or to quickly manage administrative tasks while out and about without carrying large quantities of paperwork, not only increases productivity and efficiency, but also feeds the change required to enable the up and coming workforce.

After reviewing the many responses within this report, many leading firms are seeing the sun coming up on the horizon, and embracing (or perhaps just bracing for) the innovation that is coming. ▴

Executive summary

New services, new collaboration platforms, new delivery models – here's the very condensed version of where innovation might lie in legal, says **Briefing** editor Richard Brent

Global law firms are busily building innovation committees or bringing in leaders. Some are even crowdsourcing on the subject. But they could struggle in this area compared to 'NewLaw' competitors, not to mention industries their clients may represent. Businesses that have been around for longer – with legacy systems and behaviours – find it hard enough to change when innovation isn't on the agenda. And the people traditionally trusted to run those businesses were trained to follow prescribed paths and processes and avoid unnecessary risk.

On the other hand, change firms must. Client demand for greater cost transparency hasn't just led them to provide more data about internal processes. In many cases they're also investing in how that information is shared and new collaborative activities that enable in-house counsel to turn it into business value.

For example, three-fifths (61%) of respondents to the **Briefing**/Aderant global innovation survey say their firms offer clients real-time online access to data about matter progress and price, and a third (32%) will provide project management expertise to improve efficiency on both sides of the arrangement. Just under a fifth (19%) will even give process-mapping guidance to clients such that they may be able to do more work in-house. Least common (so arguably, most innovative) among such value-add experiences, one client told us the most innovative thing a firm had offered was using its sector knowledge to benchmark a client's strategy against those of competitors.

If firms are challenged by clients to provide more for free, they're pushed by alternative business structures and NewLaw business to find new sources of revenue. For example, a fifth (22%) of respondents who answered our question about

new revenue streams have now branched into some form of business consulting and a tenth have a technology accelerator.

Clients take control

But heeding clients' calls for more collaboration and transparency isn't just a case of providing more matter data for clients through portals. The innovation in this space is around empowering clients to take control of more work. Some clients can now create their own reports on work in progress, give the go-ahead for new phases of work, and even divvy up work or develop collaborative interactive task lists – all online using a portal setup. Over a tenth (12.5%) are able to intervene in matter management and 'choose their own' resourcing. But it's fair to say we can't put document sharing in the innovation camp in 2017 (94% of respondents have that). Even collaborative document creation may be the norm (69%).

That said, the infrastructure to work more collaboratively could be pushed higher up a firm's wish list as another strategic development of recent years beds down – the use of contingent/freelance lawyers, or even those supporting them, to meet peaks and troughs in client workload more cost-effectively for both sides. Several firms have launched branded freelance lawyer divisions of their own (and they're expanding them internationally). Others are choosing to use NewLaw businesses that also compete with them. But the reality is the people that firms use in this way are still frequently alumni of the firm – which could be viewed as a risk-management measure. Everyone agrees that 'quality' of talent is paramount naturally. Any extension of the brand into a new way of working therefore needs to be a match. Perhaps as a result, firms we spoke to by

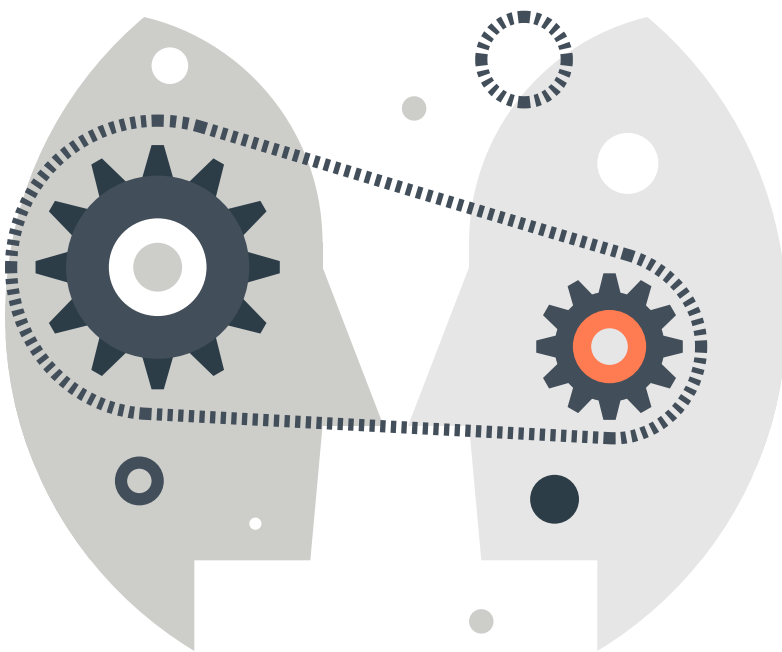
and large don't see flexible resourcing as an alternative route to carefully nurturing your own talent – and some remain unconvinced by the value proposition. On the other hand, it was pointed out that a firm could tap into flexible resource to benefit from highly specialised talent it couldn't afford to have on the permanent payroll, but which might expand the scope of possible work. This trend seems to have most momentum in Europe – with strong advocates also in Australia.

Productivity push

A form of flexibility that is in favour is the freedom to work more on the move – whether that's around a 'hotel' style office, at home, or anywhere in between. Those we spoke to clearly feel their firms have invested in the IT infrastructure to make a lot of a lawyer's workload efficient on the move – and often boast of access to all the systems 'they need.' Admittedly, those people were largely in senior management, and some roles are simply less mobile. However, our data on p28 of this report paints a different picture. For example, half of firms say they can't manage mobile client relationship management (CRM) at all – one of the systems we unearthed as giving the biggest productivity gains on the go. Mobile time recording, expensing and management information reporting (potentially for clients' eyes) are other task areas firms have either invested in, or are targeting for imminent development.

IT to support mobility clearly goes hand in hand with supporting flexible working patterns. But that doesn't necessarily extend to hotdesking (that is, no designated desk per person, which can also be cheaper). People can see the cost benefit of course – potentially less commuting, as well as simply less space – but there's a sense some fee earners may not even be ready for a noisier open-plan environment.

However, there's an argument fewer people will be needed anyway in a world of greater process automation – and yes, of 'robots' of some description taking on more work. The research finds around a fifth (22%) of respondents think 40-60% of their firms' legal work could ultimately be "significantly automated." And these are large commercial firms. Automation isn't just for the high-volume, commoditised corner. Even bespoke



Automation isn't just for the high-volume, commoditised corner. Even bespoke financial transactions may have subsequent work, or supporting documentation, that can be created more cost-effectively with less lawyer time than today. There's also great potential observed on the business services side.

financial transactions may have subsequent work, or supporting documentation, that can be created more cost-effectively with less lawyer time than today. There's also great potential observed on the business services side, with 44% saying financial processes would benefit most from a more machine-like approach to – for example – cash collection and analysing write-off patterns. And as machines keep learning, the efficiencies could grow from managing processes such as data harvesting, due diligence and document self-service to more strategic decision-making about precisely which legal courses clients should follow.

Legal business doesn't appear to believe AI's efficiencies will make its carefully developed, and retained talent redundant. But would it really say if it did? The career progression of people working closer with cognitive computing to make things happen is likely to need some careful attention to keep the law an attractive industry and the talent pipeline as healthy as it is today – so perhaps that's where your new innovation committee really needs to start. ▲



THE ANALYSIS

Innovation in action

What do top-tier legal businesses, their NewLaw/non-traditional competitors and those buying legal services think innovation is? Where does it happen in legal business today, what's over the horizon – and where are the innovation opportunities?

Researched by Richard Brent and Kayli Olson

1. Innovation intentions

What does innovation ‘mean’ to you? That was our rather ambitious opener in the interviews for this piece of research, and much variety ensued. Many firms had, of course, launched innovation forums and appointed innovation committees or leaders in attempts to weave their own brands of business management magic. Many firms had also begun pilots of various technologies labelled as ‘artificial intelligence’ – although the clear majority would happily admit that these number-crunching experiments are far too short-lived to be labelled successful step-change innovations just yet. You could perhaps even argue that something many are very publicly pursuing at once is the very last thing you’d describe as innovative. Although often used in law firm (and of course, much other) marketing, AI is an abbreviation that often did not sit easily at all.

The lines on innovation were very hard to draw. As **Ben McGuire, COO of the Simmons & Simmons Innovation Group**, put it: “There are the genuinely new initiatives, such as the development of proprietary technology and products and services – and those are the products and services that your competitors aren’t developing and which our clients will value. But some ideas [his innovation group would be involved in] are just sensible changes that can be made quite easily and which might be focused on making us more productive and thereby releasing value to our clients.”

It raises the question of whether the innovation is the end product, or the process that led to it (but may not have done, had things taken a different course).

Simon Harper, founder of LOD (Lawyers On Demand) says: “If you’re serious about doing new things – different ways of working – you have to give your team the permission to think differently, and to get things wrong as well as right. Lawyers aren’t great at that.

“You can have an innovation team, a head of innovation and a process whereby new ideas are evaluated and funded. A lot of large organisations will do that – and they may need to do that.

“But in other, smaller organisations, it can be more intrinsic. Without partners to bring along,

you may not need a formal process. The advantage some NewLaw businesses could have is we’re not encumbered by some of the processes a larger, traditional firm might need in place. There’s a willingness to be ‘imperfect’ and to accept those imperfections as you go along. That works well with the right client – they want to be part of it – and that’s perhaps slightly easier to achieve in a NewLaw environment.”

Ram Vasudevan, CEO at alternative legal services provider QuisLex (founded in 2004) agrees that the history and structure of a law firm might not help to seed innovation. “I think the historic view of innovation in the legal profession has really centred on restructuring to reduce costs – such as opening offices in lower-cost jurisdictions and hiring lower-cost professionals.

“Our investment is in finding more innovative ways of performing the work – but then our very survival has always been against the backdrop of technology and process evolving. Starting with a clean slate is easier than re-engineering what has been in place for decades.”

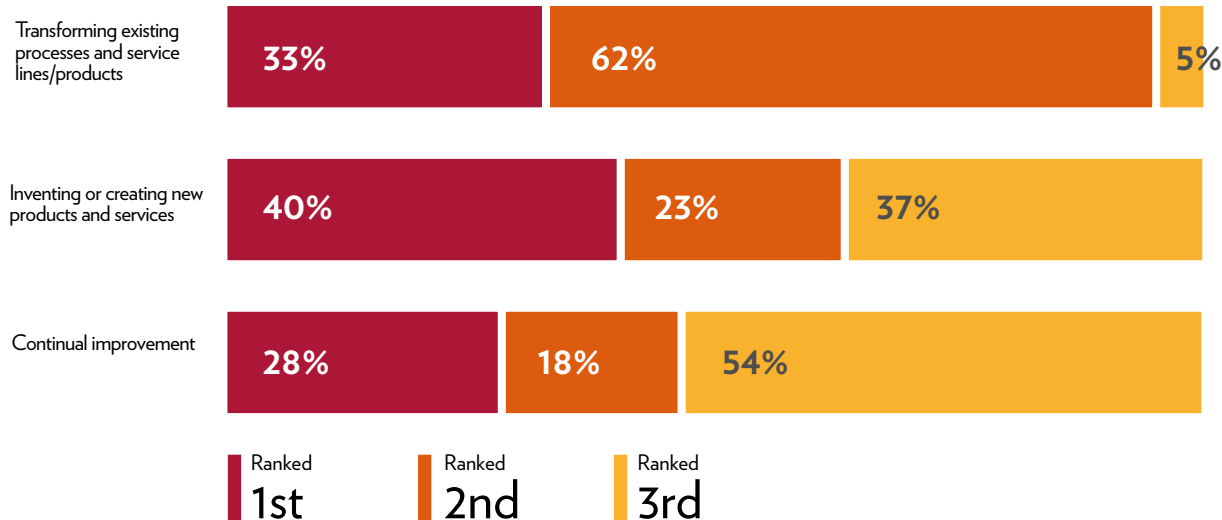
Chris Ryan, managing director practice group leader at HBR Consulting, adds: “Law firms aren’t Google. They won’t dedicate groups of people for weeks at a time to ‘ideate’ – but even a small percentage of that mentality would go a long way. That’s a key way they could draw on other industries, and firms are increasingly hiring people from elsewhere to be their business services leaders – I’d say that’s beneficial to innovation.

“Also, committees are great, but innovation

“Law firms aren’t Google. They won’t dedicate groups of people for weeks at a time to ‘ideate’ – but even a small percentage of that mentality would go a long way. That’s a key way they could draw on other industries, and firms are increasingly hiring people from elsewhere to be their business services leaders – I’d say that’s beneficial.”

Chris Ryan, managing director practice group leader, HBR Consulting

Is innovation, to you, more about ... (each ranked by respondents first, second or third out of all three)



What's in a name?

In this question, we asked respondents to rank different 'definitions' of innovation. The 'answer' can be read two ways. While in weighted average terms our respondents favoured the response Transforming existing processes and service lines/products, there's an interesting second view in highly split opinion over the option Inventing or creating new products and services – more respondents picked it as top choice than the other options, but it also scored highly as a third option. This response choice split the audience, pushing the response to second place.

activity needs to begin with a business goal. It needs investment capital and budget. And it needs to be fostered at lots of different levels, from executive committee, through partners, to associates and support managers."

Quite a common way to make innovation an organisation-wide activity (aside from representation on forums, etc) is to 'crowdsource' ideas from rank and file, perhaps even by way of some form of competition.

Jamie Ng, co-head of innovation at Ashurst, gives the following example: "We ran an internal global challenge, asking for ways to improve client experience – which could be an internal client. It gave rise to different things, including our entire wellness programme. There's now yoga, a nutritionist and fruit replacing sugary snacks in common areas – which maps to the bottom line in terms of both engagement and productivity."

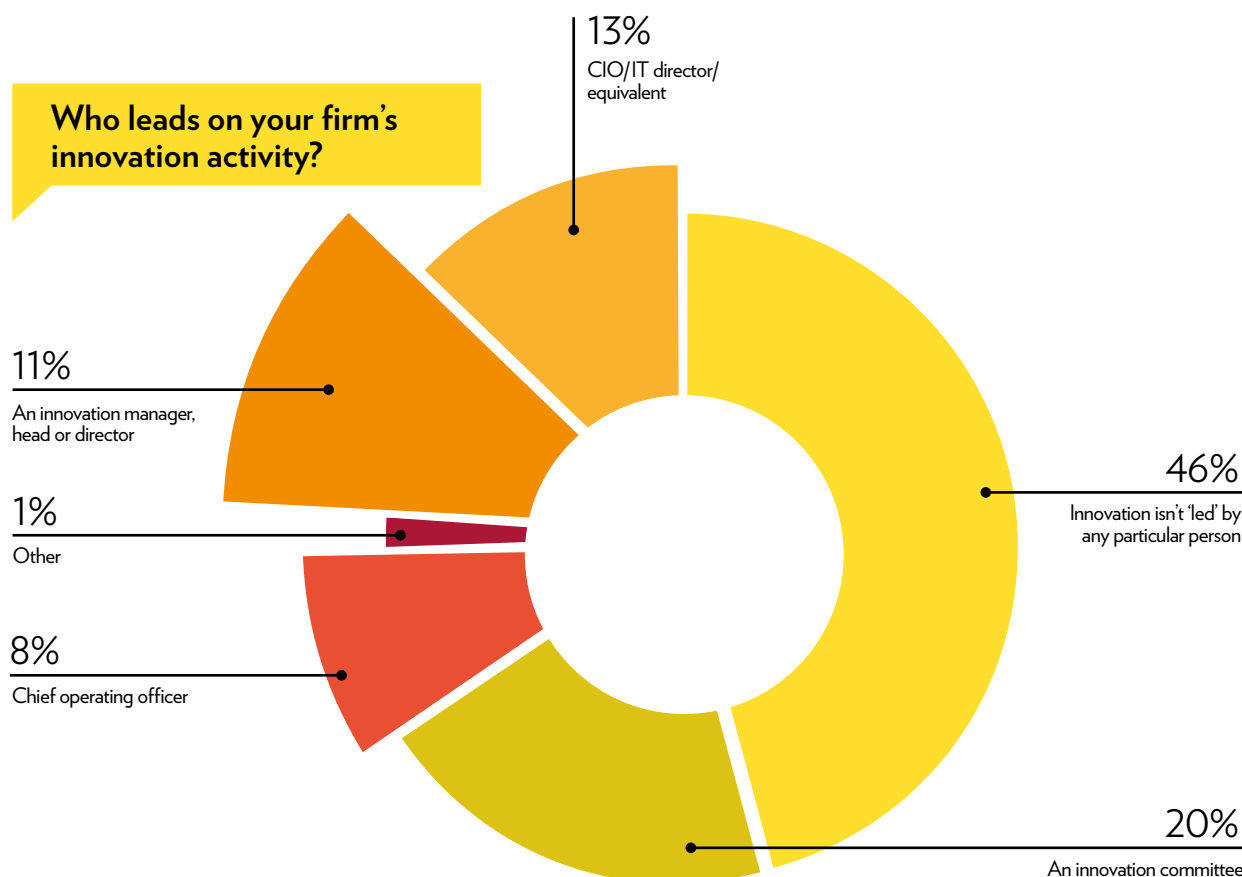
Does a health initiative really constitute innovation? It was certainly 'new' for the firm, it was tied to a business goal, and it required a level of funding.

Not that an innovation necessarily needs to be a

certain size of investment. **Patrick Lynch, COO of European firm Kinstellar**, says the smaller markets in which his firm operates don't yet make investing in an automation and AI agenda worthwhile: "Those just aren't currently cost-efficient for us."

And **Hans Schuurman, an interim CFO** who's worked in the top firms in the Netherlands, makes the case for continuous/process improvement methodology as a form of innovation – changing behaviours through so-called 'lean' principles. "My perspective is always about searching for the most efficient way of doing the work. For example, you can prevent the lawyer from doing work the client didn't want – which could mean more work than you need to do. It could be innovative to get better at asking what the client needs and avoid expensive re-work – mistakes even – which the client hasn't asked for.

"That's the start of legal project management – defining the results the client expects. When that's clear, you then need to manage along those lines – including doing the work with the right level of people's experience and not people who



are over-qualified.

“Time lost finding information is another inefficient break. Systems fit for retrieving firm information quickly – and reusing information already available – benefit both firm and client.”

Of course, following even the best-defined process isn't easy when it relies on people doing what they say they'll do.

Mo Ajaz, group head of legal operational excellence at National Grid, highlights a process-mapping approach he experienced, where parties had the opportunity to challenge when and how handovers of work took place. By raising the profile of working inefficiencies when they do occur, the hope is people will learn and improve (that is, comply with process).

Greg Bott, director of AG Consulting, Addleshaw Goddard, echoes that poor process is a key area for investment – and potential innovation: “There's still a great deal of individuality and idiosyncrasy in how pieces of legal work are done – and to standardise that would be a good thing, particularly from the perspective of in-house legal teams.

“I know an associate at one firm was asked to map a piece of M&A work, and the response was ‘for which partner?’ Each partner did the same piece of legal work in different ways – and depending how people are trained, that can still

happen. That might not have mattered when firms charged old rates, but now that margins are so tight, inefficient processes are less acceptable. People want cost certainty and effective management of risk.”

Ng at Ashurst agrees the linear and hierarchical way lawyers have always been trained – and will typically progress – hasn't helped build a culture of innovation.

“There has always been that highly structured element to the profession's organisation, and before that in how it's taught. From a cultural perspective, the real challenge is to get people to think expansively and in a non-linear way – and not just doing whatever was done previously, but questioning it all.”

Even if innovation does manage to make it through, ingrained rigidity and risk-aversion could still stifle efforts if the right investments in areas like ongoing training aren't in place.

Alex Smith, who leads innovation for **Reed Smith**, says a big priority is development of the firm's “digital culture” and getting lawyers comfortable with new technology.

“For example, we need to get people more comfortable taking part in meetings via Skype where clients specifically want that. Otherwise you're just rolling out a piece of IT that tens of people will use and hundreds won't.” ▴



2. Business super-intelligence

Two of the biggest recurring themes were the potential for data to be treated in new ways to improve all sorts of decision making – and finding new ways to add greater value to increasingly cost-conscious clients. Assuming these count as innovation, they converge in the practice of providing clients with pools of data you mightn’t expect law firms to find, manage or analyse, but which might be especially valuable (if they did) at a time of greater uncertainty, requiring more rapid business responses.

So even in an age of ‘information overload’ – not to mention ‘information everywhere’ – forms of data can still provide competitive edge. The most common description of this is ‘horizon scanning’ – and the outcome of the exercise a source of extra intelligence. But it could also lead to recommending specific opportunities.

McGuire at Simmons & Simmons says: “You need to develop a broad market view in order to find the right opportunities for your clients. For example, we’ll engage with startups at all levels of maturity – and not just to find the next legal technology – in order to help our clients make sense of a fragmented and constantly changing technology market. There’s definitely a role for our firm, as a trusted adviser, to start solving client problems in a much more coherent way, by rapidly

combining services from third-party providers to solve our clients’ key legal and business problems.”

However, he adds that such initiatives need to be highly collaborative. “It shouldn’t just be focused on the tech – that’s key. We’re talking about co-creating value with clients, and possibly third parties and investors. We now seek opportunities to break down barriers between those groups where we can do so effectively, to build really new approaches.”

And that’s in service of the “ultimate end user” – the chief financial officer or CEO, rather than the GC. “You need to be in the GC’s mind, considering how they are being asked to contribute to their business, if you’re to anticipate and solve their most pressing problems.

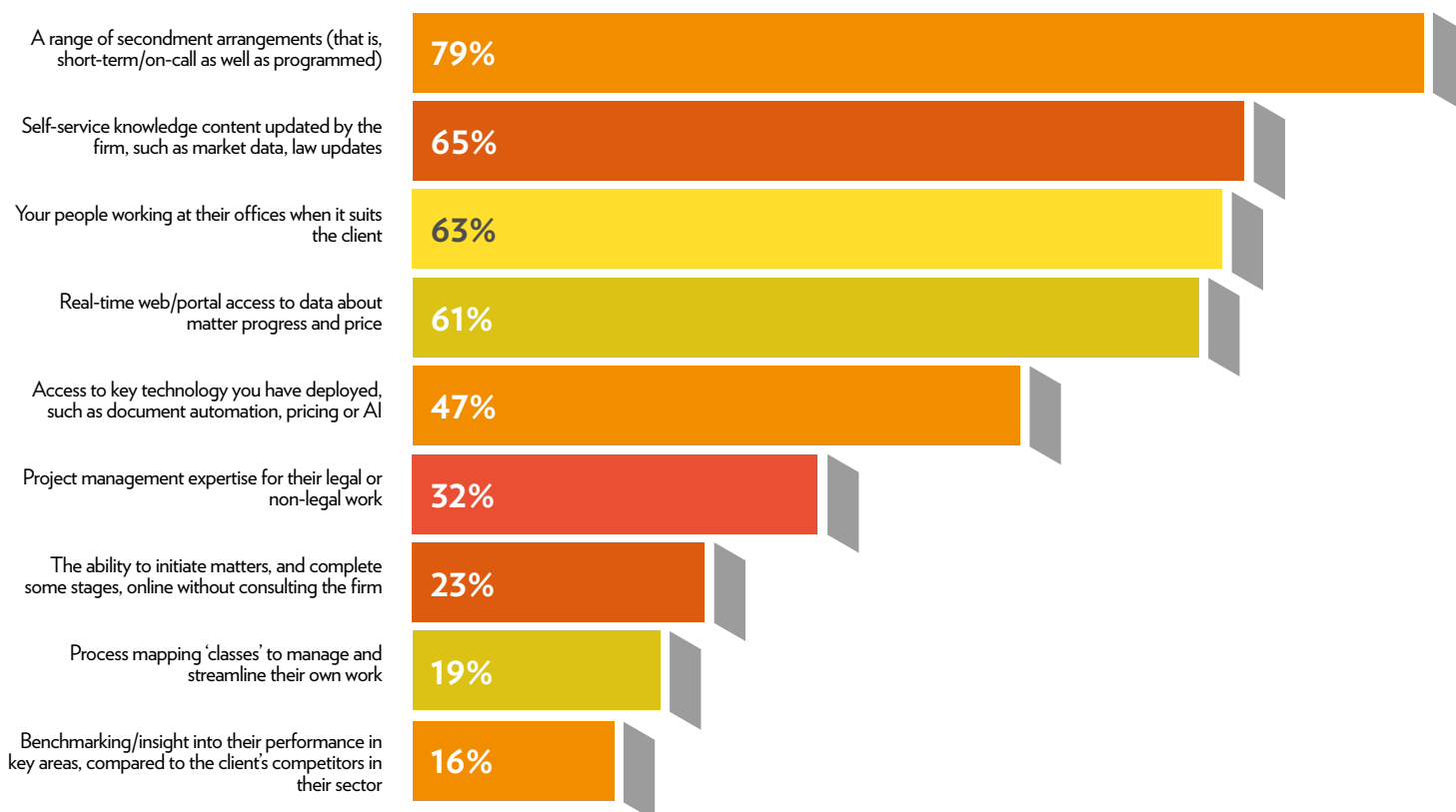
“There’s definitely a role for firms, as a trusted adviser, to start solving client problems in a much more coherent way. That’s an opportunity.”

GCs clearly also appreciate the development. **Richard Keenan, chief counsel of the major transactions team at BT**, says effective horizon scanning is probably the most innovative activity he has been offered by any firm. That doesn’t only mean identifying market opportunities for him, it’s also insight into what his competitors are doing.

“Firms can look across the patch, anonymising data but highlighting where other suppliers are taking particular positions.” For a business like BT,

Respondents could choose multiple answers

Which of the following value-adds do you offer for clients at no charge?



that data can then be usefully broken down even further into its own client sectors.

"We can see how we compare to the market, and where we may be a bit out of step, needing to reflect on current negotiating positions. Then we can share that with business colleagues, who see a particularly approach has validity."

On the other hand, industry data as a value-add needn't be about a client's competitors – it could be analysis of developments in their core sectors. The innovation would lie in the way that data is presented to enable decision-making.

Berys Amor, director of technology at Australia's Corrs Chambers Westgarth, says her firm's clear cloud-first strategy (document management, CRM, HR and legal project management are all in the cloud) is now also generating business intelligence opportunities for clients.

"We're building a portfolio of cloud solutions for clients – overlaying interfaces on a collaboration platform and using API integration to consume other web services."

One example is Google Earth. "Renewable energy is a big priority area in Australia, so my team built one site where clients can access a dashboard that maps the wind farm power grid. It's one example of pulling in information that doesn't hinge on legal documents to help with broader business decisions."

Other clients integrate sources of data for lease management – and in one case, even to manage promotional activity. It's a subscription service, and the wider client business logs in as well as the lawyers – while on the firm's side it was "an initiative driven by the technology team," says Amor.

"But it creates a bit of 'stickiness', which should help us to secure overflow work. This is a great opportunity in Australia, where in-house legal teams can sometimes be a very small part of the organisation.

"They don't have access to the same technologies that we do – and using cloud, they might not even need involvement from their internal IT." ▴



3. To legal services, and beyond! New offerings, new value

Another activity (and form of collaboration) that generates ‘innovation value’ is a workshop-style exercise – which large firms are increasingly offering, and clients increasingly say they highly value. It’s one of a wide range of offerings that can loosely be grouped together as ‘complementary services’.

Jamie Ng at Ashurst says the firm has used a “design game” format to help clients come up with new solutions, not only to internal business challenges, but also that might assist with clients’ own customer service innovation. Those games could facilitate introductions between the law firm’s clients as well, potentially unlocking more value still.

“We’ll get a bunch of clients in and run something like a mini hackathon, using different techniques, including design thinking,” says Ng. “A typical topic would re-engineering the legal function – you’d expect a firm to know something about that – but it could be something as comparatively simple as improved matter reporting.”

In some cases, this game-based approach has also led to automation opportunities (much more on which, as another innovation category, later).

Carla Swansburg, director, practice innovation, pricing and knowledge at Canada’s Blake, Cassels & Graydon, says her firm also

provides such supplementary ‘consulting’ services. Drawing on its strength in IT in particular, the service line has even led to new forms of deal.

“One global client came to us because we’d run some workshops on change management – but they wanted us to test three different technologies as part of that deal. It was a condition the technology be integrated into the M&A process, and the testing became part of our deliverables. As well as the traditional legal work we produced a plan, plus summary – with ‘key lessons learned’ – for the technology.”

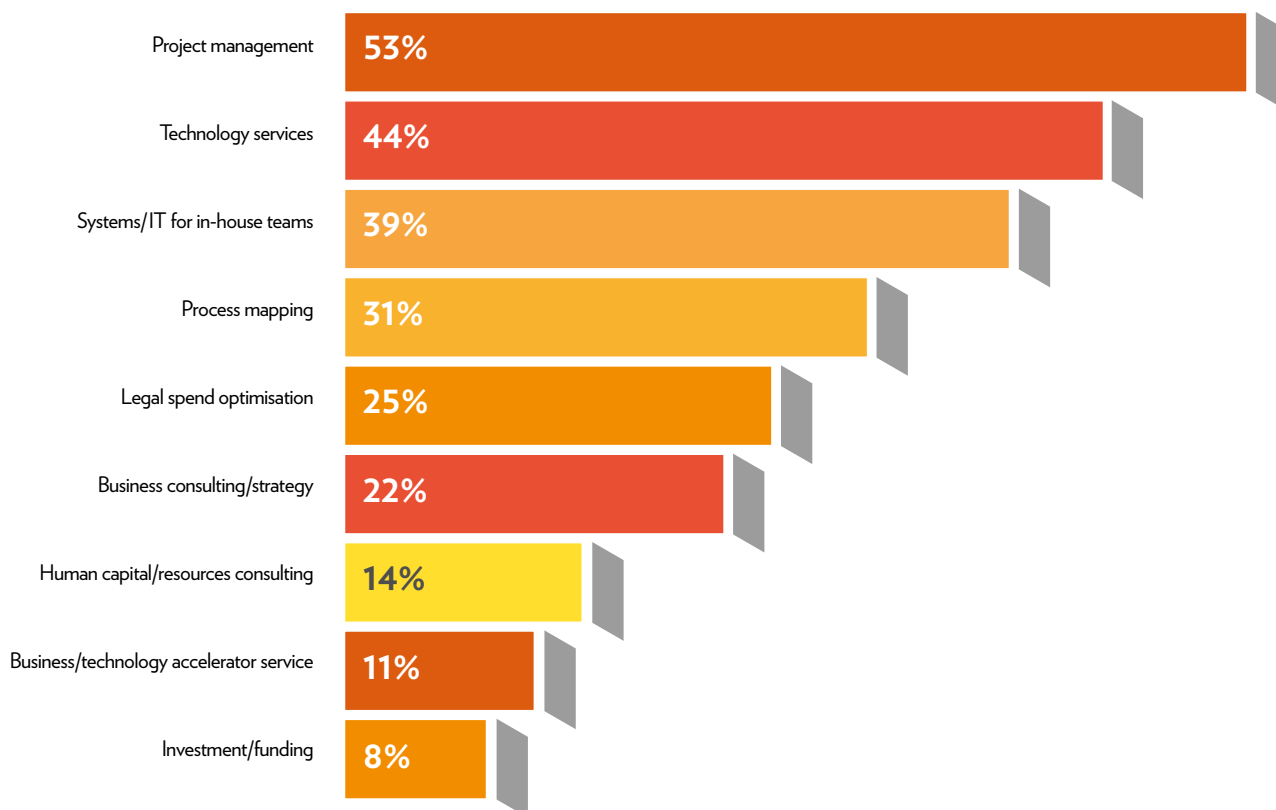
Blakes also offers clients “basic training on process mapping and legal process improvement,” says Swansburg. “And we take that one step further, to current-state mapping of internal

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Carla Swansburg, director, practice innovation, pricing and knowledge, Blake, Cassels & Graydon

Respondents could choose multiple answers

Which of the following new non-legal revenue streams/offerings has your firm added to its mix?



processes. That also helps by giving us real insight into how the department works.”

This detailed analysis of the in-house function’s processes is a pretty common offering in one form or another – but some firms have gone so far as to launch a formal consulting arm, offering it as a standalone service. And in addition to streamlining legal processes, this may also assist the client’s legal team to work with the other parts of its business more productively.

AG Consulting is a prime example. “The legal team needs to consult with its wider business too,” says Greg Bott. “We’ll work with in-house teams to help them have better conversations about the perception of their value in the business. To do that, you really need to demonstrate you understand the commercial objectives – and invest time with the various stakeholders to understand their priorities. However, we have proactively come up with new ways to manage things more efficiently, including portals and playbooks that

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Greg Bott, AG Consulting, Addleshaw Goddard

enable parts of the client business to self-serve better in key categories.”

If anyone were in any doubt that in-house work and management processes need more assessing, BT has gone through the process for itself – resulting in an outsourcing arrangement that better separates low- from high-value work, and so gets better value from the core team’s skills.

Keenan says: “It was a triage project, using statistics to bring in protection against work the team shouldn’t be doing while ensuring we didn’t miss out on getting requests for the more complex work that people also enjoy more.

“There were some teething problems – complaints about being harder to work with – but solving those also meant ultimately getting closer to the business.”

In the US, **Baker Donelson** has even developed its own proprietary model for process improvement – Bakerlean. **Legal project management officer David Rueff** says: “It’s a tool for working with client legal teams to both streamline and provide services for a certain cost point by disaggregating the process – identifying areas for improvement such as different sequencing, and better resource allocation.” That leads, ultimately, to a “value stream map,” he says.

Another of his firm’s set of tools, **Bakermanage**, is intended to be implemented on any matter and promotes proactive project management. “We built technology to help teams communicate better internally, but also externally,” says Rueff. “Regardless of geography, everyone can see the project plan, provide comment and update the status for their particular tasks in the process. And we can also open that up to the client if they’d like greater transparency about what we’re doing.”

However, Denmark’s **Kromann Reumert** goes one step further and provides project managers for clients, which **managing partner Arne Møllin Ottosen** says has become an important point of differentiation in a fairly traditional market.

“We’ve had a ‘project centre’ for several years,” he says. It’s staffed not with lawyers, but other academics. “We offer the project management service as an add-on, primarily, in litigation, M&A and insolvency work, but there’s also demand from clients to access these project-centre people directly, not necessarily linked to our legal work for them. It isn’t yet a significant part of the business, but some high-end clients want our project managers to supplement this or that project.

“We’re also seeing some firms – including us, and not just the major ones – offering a range of free or paid-for digitised add-on products, such as contract management systems. To a limited extent, we’re also offering a few large clients, such as banks, direct access to our drafting systems.”

“It was a triage project, using statistics to bring in protection against work the team shouldn’t be doing while ensuring we didn’t miss out on getting requests for the more complex work that people also enjoy more.”

Richard Keenan, chief counsel, major transactions team, BT

Finally, some of the very largest firms have launched pure consultancy practices to significantly boost their expertise (plus, competitiveness and revenues) in one or more core industry areas.

Hogan Lovells, for example, has a new division providing non-legal solutions. Deputy global chief operating officer Darren Mitchell says there is now a cybersecurity division in the US – “providing technology advice alongside legal advice” for what is clearly a business challenge in no danger of going away – while in the UK there’s a transfer pricing practice: economists working alongside tax lawyers. Regulatory and compliance consulting is another area of expansion, in natural alignment with the work of the financial institutions group, says Mitchell.

The firm has also started a social enterprise and social finance practice – bridging corporate responsibility and commercial goals – and with the added benefit of being another avenue for client contact and a stronger sense of collaboration. ▲





4. Collaboration 3.0

There is absolutely no doubt that the investment raised in interviews most often was in sharing a growing range of data with clients, and sharing it faster, using collaboration ‘portals’. Clients, we know, are often demanding more transparency into the management processes that influence price – especially now an alternative fee arrangement may be tied to that scope. Clearly, however, milestone or financial updates to that end need to be timely – or with today’s business turnaround times, they’ll simply be inaccurate. Making matter information accessible online ought to be faster than other forms of reporting – and as well as providing transparency, it’s more convenient for the client to consume (and possibly amend) at a time that most suits them.

Graham Clark, head of business transformation at Irwin Mitchell, says: “It’s just no good now having a model where a client has to phone you between the hours of nine and five when they’re at work – especially for personal services like wills and divorces. They’ll want to do it from home, and update relevant information when they can, just as with mortgages and bank accounts.”

“It’s just no good now having a model where a client has to phone you between the hours of nine and five when they’re at work – especially for personal services like wills and divorces. They’ll want to do it from home.”

Graham Clark, head of business transformation, Irwin Mitchell

David Rueff at Baker Donelson says the Bakermanage platform hosts budgets and spend updates, documents and key dates, among other data – and the basic idea is a “one-stop shop” for everything connected to the case.

“The aim is to get out of email and have everything in one place. We think that will be more efficient all round, including making the client communication process more focused.”

However, it could go so much further. “We’re several years away, but I think where things are headed is the concept of a data bridge. The firm has a system it populates, but there’s an automatic feed to the client’s system, which can ingest the information the way the client wants.” Rueff says Baker Donelson has only managed this for quite a narrow set of information thus far – but the updates are daily, and the client doesn’t need to log into the firm’s system.

John Salt, chief information officer at Keoghs, increasingly has this level of integration with the firm’s insurer client base, he says – and that’s a direction driven by those clients.

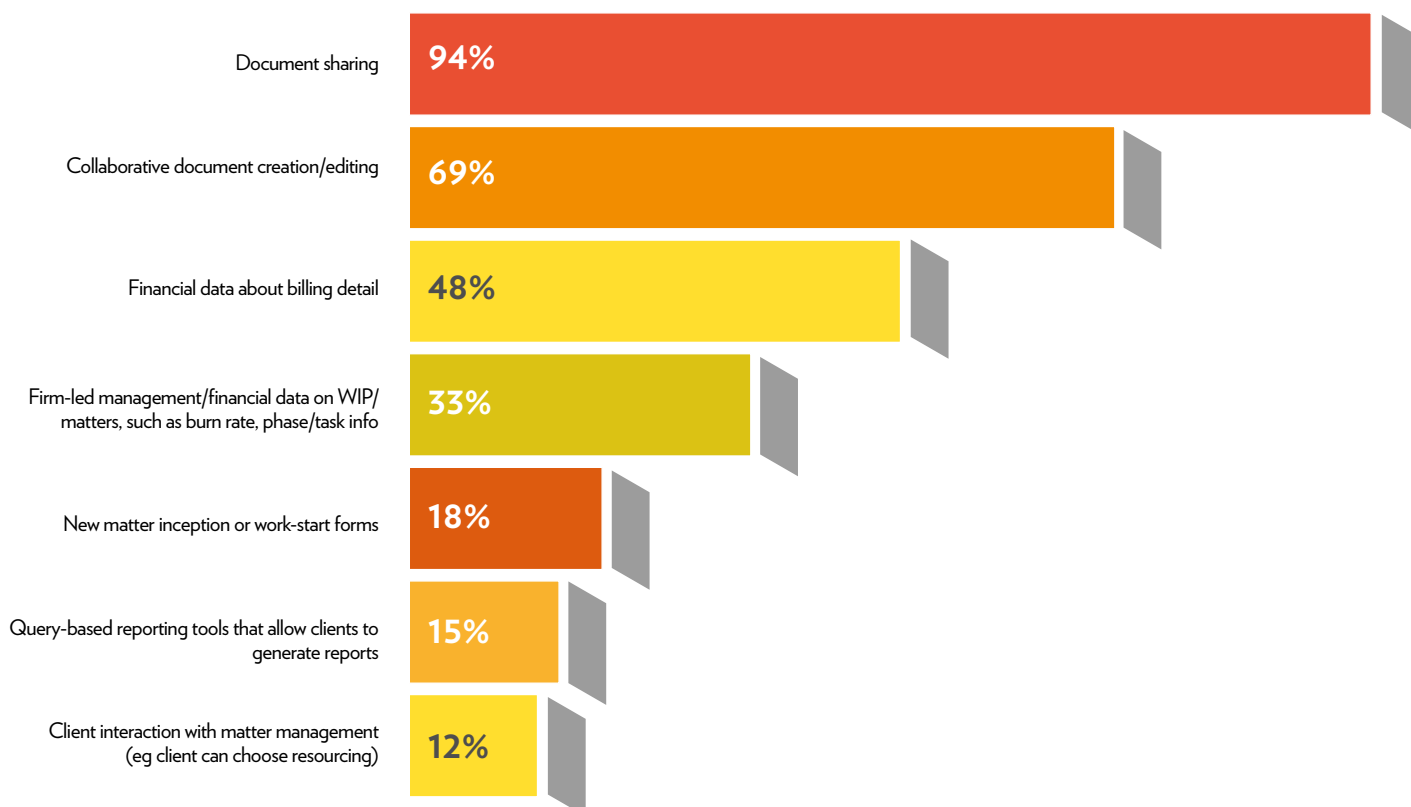
“If they open a claim on their system, it automatically opens on ours, is allocated, and our updates are posted back. Rather than extranets, the future really lies in parties working in their own tools and the tools talking to each other through integration or bots.”

But ironically, firms therefore need to get a bit better at capturing data to deliver real-time reporting, he says.

“There’s a traditional firm problem of management information only being done at one time of the month. But as we now have this live

Respondents could choose multiple answers

What kind of collaboration with clients do you enable via portals or suchlike?



integration with clients, they're seeing their data in real time. It's no longer acceptable to leave our own updates until later."

A NewLaw firm chief exec – who preferred to be anonymous – agrees: "You wouldn't be running a retailer without knowing your sales in real time."

But Salt points out that innovations like this also have repercussions. "If there were mistakes in your data, you had a better chance of picking them up in the past. Senior people could look for logical flaws." So, firms may need to change their MI policies and processes to keep pace with the march of technology into the world real-time.

Ottosen at Kromann Reumert is in no doubt that the extent of firm-client system integration and access won't just increase. It'll open a whole new "competitive parameter."

"In time, clients will have direct access to things like knowledge bases and relevant parts of document drafting, and clearly also to track

expenditure in real time alongside invoices."

Benedikte Leroy, senior vice president, EMEA legal counsel at Dell, says one of the most innovative things a firm ever did for her department was to set up a site that contained all advice it had provided to them over the past decade. "That's truly value-add. We cut our costs because we were not asking for the same advice again," she says.

She adds that the best firms are also pushing

"A lot of waste in process comes from the back and forth between people. It helps if you can make things clearer. You could even delay starting work until you have all the information for a task from a client loaded into a portal."

Alex Smith, innovation manager, Reed Smith

out more content that's easier to consume using social media platforms. "The traditional firms we gravitate toward are those who are innovative with technology."

But as well as automation and integration, a third way the world of legal online collaboration is changing is through the extent of participation.

Julian Arredondo, chief financial officer at Polsinelli, says: "The use of client-facing portals will continue to increase, certainly to support predictability, transparency and accountability, but also to support active and engaged collaboration between all appropriate members of the combined legal team."

And, he adds, as in most other walks of our consumer lives, these tools are becoming increasingly flexible, secure and easier to develop and support.

Alex Smith says a Reed Smith platform won an award for better exposing the split of total tasks in a process between firm and in-house teams.

"It's a much more collaborative route, and a lot of waste in process comes from the back and forth between people. It helps if you can make things clearer. You could even delay starting work until you have all the information for a task from a client loaded into a portal. If you're working to a fixed fee, you don't want to start work until that information has all been handed over. Automation can be very interestingly deployed after that."

Swansburg at Blakes says one of the most innovative recent projects at her firm is the engagement of a collaborative workspace startup to automate 'closing bibles' in corporate deals.

"There's a shared space to avoid emailing multiple drafts back and forth, but also to integrate pages once signed. Each document goes into a closing index, and at the end of the process you just push a button to create the full document."

But perhaps the most innovative experiment with data sharing is something as arguably simple as knowing the non-matter metrics your client is facing. **Winston & Strawn** has created a 'shared dashboard' that populates and displays phased budgeting progress for billing transparency, but also key targets on the in-house side.

"Legal departments tend to measure different things to firms – so the experiment was to sit down with clients and understand what the legal department is measured against that we should also see, because we might affect it."

David Cunningham, chief information officer, Winston & Strawn

Chief information officer David

Cunningham says: "Legal departments tend to measure different things to firms – so the experiment was to sit down with clients and understand what the legal department is measured against that we should also see, because we might affect it."

"We can effectively say that we're that much more engaged with the client, because we're helping them to meet their performance metrics."

Meetings in person

On the other hand, not all accept the inevitable opening of more and more systems to more and more parties. Darren Mitchell at Hogan Lovells says: "There's a question mark around the value proposition. It's a balancing act. Yes, there are possibilities for more collaborative working, but you don't want to open things up too far in case of cyber invasion. A lot of clients don't want us to do it."

But NewLaw players certainly agree that on-demand access to at least some aspects of business service is the future.

Our NewLaw CEO says: "We feel the future is one where technology means customers of all businesses will increasingly have tools to do things themselves that have historically been done by the supply chain."

Vasudevan at QuisLex foresees an "almost neural network of collaboration" that will also impact internal communication choices. "Telephone, and even videoconferencing, could well become outdated for collaboration between teams in different countries," he says.

And although Irwin Mitchell's Clark, like many, sees video more as a collaborative opportunity to be 'always on' than something that will be overthrown by other media, he agrees that firms risk "reliance on outdated communications."

Of course, in a world of ubiquitous mobile and online messaging, some might argue that it's the quality of your in-person interaction that really makes you stand out anyway.

That's because they do. For example, some firms are now collaborating with one another for their mutual client. **Chris Emerson, chief practice economics officer at Bryan Cave**, says: "We've seen instances where legal operations people at the client – and at other law firms – have come together to find cross-firm solutions that benefit that client. That sort of collaboration is still pretty rare."

Alex Smith, head of innovation at Reed Smith, points to the fact that the firm's pricing and project-focused 'client value team' are instrumental in client pitches – because those pitches are based on their analytic work.

"There are no 'bow tie relationships' here – where the partners go to lunch with the GC and everyone else is sat behind. We have a diamond formation – a 'man marking' approach, where the GC's operations and billing team work with their counterparts at the firm."

And litigation-focused **Mishcon de Reya** – which is investing heavily in exploring how new data pools might enhance predictability and responsiveness for clients – is very attuned to the fact that a personal touch is needed alongside.

Nick West, the firm's chief strategy officer, has someone from the real estate practice partially seconded to his tech-focused team. "Their chargeable target is reduced, and they put that time into working with me. Together we make more progress with technology, as I have someone on the 'inside'."

The pair will attend client meetings in the property space, which often leads to requests to collaborate with those clients' other (non-law firm) partners on the data sources and channels

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Chris Emerson, chief practice economics officer, Bryan Cave

that could accelerate a deal. "It's specific to that client, and replicable to others, but only a handful – for the next problem we'll probably need something bespoke again."

Ng at Ashurst concludes: "Clients want pragmatic advice immediately ... but it isn't enough to deal by browser alone. They're also looking for the human dimension. We need to be able to deliver both." ▴





5. Rethinking resourcing

But where is people management at its most innovative? One trend of the last two years often talked about in these terms is firms taking on sets of ‘freelance’ lawyers – their own divisions, branded up as such, or otherwise. Against the backdrop of ‘new’ businesses like Harper’s LOD, it’s a response to client demand for predictable cost – people can be deployed temporarily at peak times – but also a response to the gig economy supposedly attractive to restless (or just indecisive) millennials.

The clear consensus among traditional firms, however, is that this is something that will complement the more traditional working arrangements rather than override them.

McGuire at Simmons & Simmons speaks for many traditional firms when he says: “We’re using our contingent lawyers as part of overall efforts to be more efficient and to service our clients’ requirement to smooth their demand curve for people. However, there’s no strategic initiative to change our structure.”

If freelance-friendliness is innovative, then, perhaps that lies in its power on the recruitment and retention front. “Businesses will increasingly see it as a good way to give people a broader career proposition. It’s attractive to be able to get involved with more work types,” suggests McGuire.

And with less commitment, of course. Ng at Ashurst – which also has an offering based on client needs rather than a growth agenda – cites the ability to retain people for longer with a part-time promise.

“One really good example is an ex-partner, retired from the partnership, but she’s still keen to

work. She lives in a very remote location, but is still available to be deployed very effectively on major transactions when they arise.”

Clark at Irwin Mitchell says: “We don’t, but that’s not to say that we won’t. We do have people with lower base hours that can flex up and down, but that’s largely in the shared services area where it’s more an industry norm [like in the call centre industry].

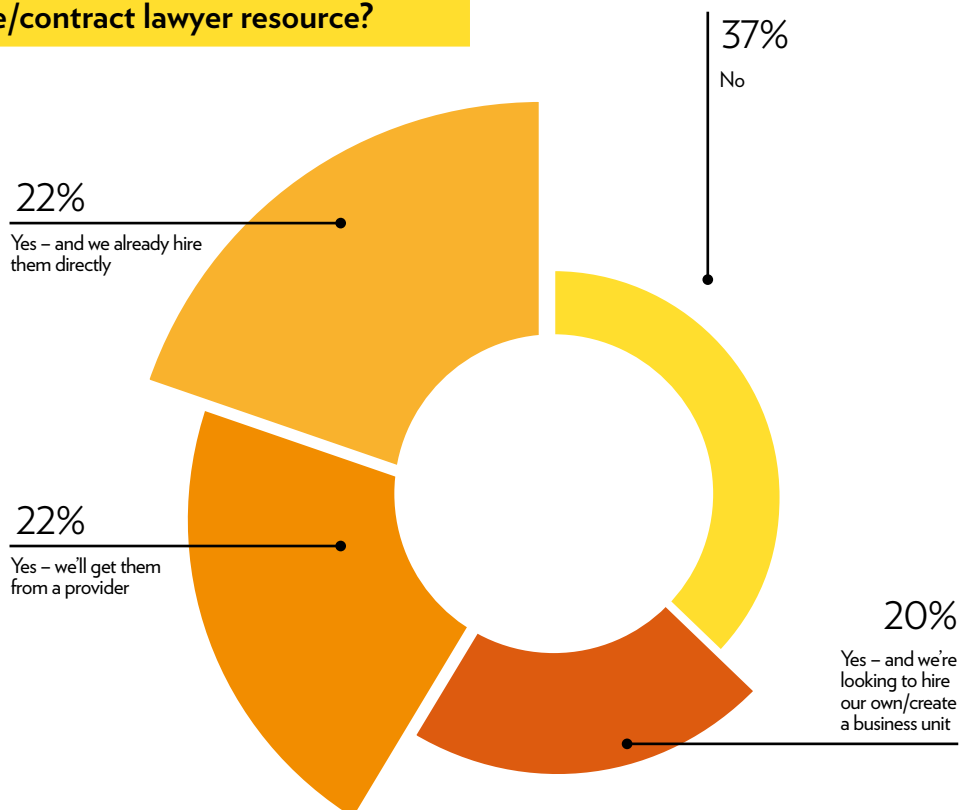
“We see flexibility to scale up and down more attractively delivered by automation, where bulk repetitive work can be scaled almost infinitely.”

It’s worth noting that few firms based outside the UK we interviewed had a branded freelance pool of their own – and several highlighted the administrative burden in bringing them in from elsewhere for a time, although they did so on a case-by-case basis. This is particularly the case in the US, where there are tax implications depending on the state in question. Several in the US also mentioned that although it was for individual practices to decide how they utilised such resource, they were actively encouraged to

“We’re using our contingent lawyers as part of overall efforts to be more efficient and to service our clients’ requirement to smooth their demand curve for people. However, there’s no strategic initiative to change our structure.”

Ben McGuire, chief operating officer, innovation group, Simmons & Simmons

Could your firm benefit from using associate-level and above freelance/contract lawyer resource?



explore it as a form of cost control.

One that does have a sub-brand is Australia's Corrs Chambers Westgarth – which has had its 'Orbit' alumni pool up and running for almost two years now. But as at Ashurst, these people are likely to be senior lawyers, who now want a different arrangement. "By having the relationship, we can effectively qualify their work, and we're using our own reputation to drive it," says Berys Amor. It's clear there's a risk dimension to these decisions about exactly where firms will turn to find more flexible people to service their clients.

In Europe, on the other hand, there are examples. Hans Schuurman says: "There's even a joke that the largest law firm in the Netherlands isn't a law firm any more – it's a network of independent lawyers." The 'Big Law' firm has 400 lawyers – but the network 450. What's more, the firm is a client of the independents.

"I think lots of firms here really do understand the power of independent people working

together – and increasingly the networks are pitching for packages of work from businesses such as banks," says Schuurman.

"Some firms have their own flexible units, some don't – but it's smart to have access to them. If demand isn't there, it's less expensive to hire temporary resources than to have them on your payroll permanently.

"Another advantage is insourcing specific knowledge in areas where you'll never have enough work for someone permanent. You can enrich the scope of work for a client."

One chief operating officer of an offshore firm says: "We're not in the LOD space just yet, but tentatively heading in that direction. The first step is providing more flexibility to the full-time workforce, and we have a target there." He wants 50% of employees on non-standard contracts by 2020, he says. "But the benefit of that is to attract and retain the best people, not to reduce costs. And it's better for clients, because we pull such people into projects from all over the world." ▴



6. Is agility the new normal?

Flexibility isn't just about going home early and logging on later, of course. Another element of the modern firm's drive for more flexibility is greater movement around the office itself. A measurable rise in open-plan office layouts, hotdesking arrangements and 'agile working' clearly has a cost benefit (clue – they all take up less space), but received wisdom states they also create more collaborative opportunities – as good for productivity as for employee engagement.

But when it comes to hotdesking specifically, there are shades of grey. Very few internationally are decisively moving to a working world where people broadly don't have a desk to call their own – so innovation it may well be.

Ng at Ashurt says: "It's inevitable that we have to look carefully at the cost of head office space. But it's hard to make one size fit all here."

There's the issue of confidentiality of course (even open-plan legal offices typically have 'quiet' spaces built in), but culture is another factor – and so is common sense, says Ng.

"If you take an area like tax, it may make much more sense to have a more traditional fit out – where people can trawl through tax legislation and precedents. Whereas hotdesking may be perfectly appropriate for a large projects team. At any point in time, half of them might be sat down with the client, and the other half away in another office."

At Hogan Lovells, it's on the agenda – but only

in pilot at present. Open-plan has already been trialled. Hotdesking is up next, says Mitchell.

"We know we're only using desks about two-thirds of the time, so there's cost and opportunity – but the change is quite a big one."

It's also one area of change where being big yourself doesn't help. "Larger firms may all be looking to what others do, and don't want to be the one doing it first."

Several – from Canada to Europe – also say that, far from being an attractor, this way of working may even tend to put talent off a firm. Swansburg at Blakes says: "I do know a couple of firms that have built flexible workspaces. But there's real resistance in this market – I know there are people who are actively trying to build a case against hotdesking."

If it takes off, she suspects that could start in in-house legal teams, which may put some pressure on firms to follow suit.

Noone would be surprised to learn that a

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Darren Mitchell, deputy global chief operating officer, Hogan Lovells

business such as BT embraces flexible and mobile working. “No, we don’t have enough seats in our London office for everyone. We can of course set people up with a home office, and from a cost/benefit point of view we encourage it,” says Keenan. “We’ve also abandoned that model of needing to be seen at work.”

Could firms even pitch up and hotdesk with their clients? They could if clients particularly cared for that one way or another, but this is far from certain.

Arredondo at Polsinelli says: “We’re seeing increasing client requests for a broader range of secondment-style activities. In some cases, they’ll want a lawyer onsite for a few hours a week. But that’s ultimately good for everybody. It helps to cement relationships.”

Peter Campbell, director, client solutions, at Hall & Wilcox, says his firm is quite unusual in the Australian market for being fully open-plan, right up to the managing partner. “It’s a really great leveller, and being less tied to desks makes people more willing to collaborate,” he says.

“We also have more lawyers working on our client sites that ever before. For example, someone in our property team works from a client office one day a week. It’s great to have him spend that regular time there because otherwise questions can build up. He holds mini clinics with them and helps to triage issues quickly to avoid bigger problems. It’s terrific for the relationship because we all learn more about each other.”

Mitchell at Hogan Lovells agrees: “The more we go, the more we understand their drivers as a business – and there does seem to be a bit more wanting to connect on their turf, as consultants and accountants would.” That might not even be to discuss legal work. Mitchell, for example, has visited with an end to understanding more about collaborative workspaces.

In fact, the legal work is where it gets a bit more complicated. Several, internationally, cited confidentiality as a barrier to keeping clients company in this way.

And there’s another potential obstacle to change in this direction – which Ottosen at Kromann Reumert is not alone in highlighting. “In truth, we want to visit clients more, and we try to influence that. However, we’re still largely traditional time billers here in Denmark. There aren’t many alternative fee arrangements – and that model says that if the lawyer comes to the client, the client pays for the transportation.”

A moving experience

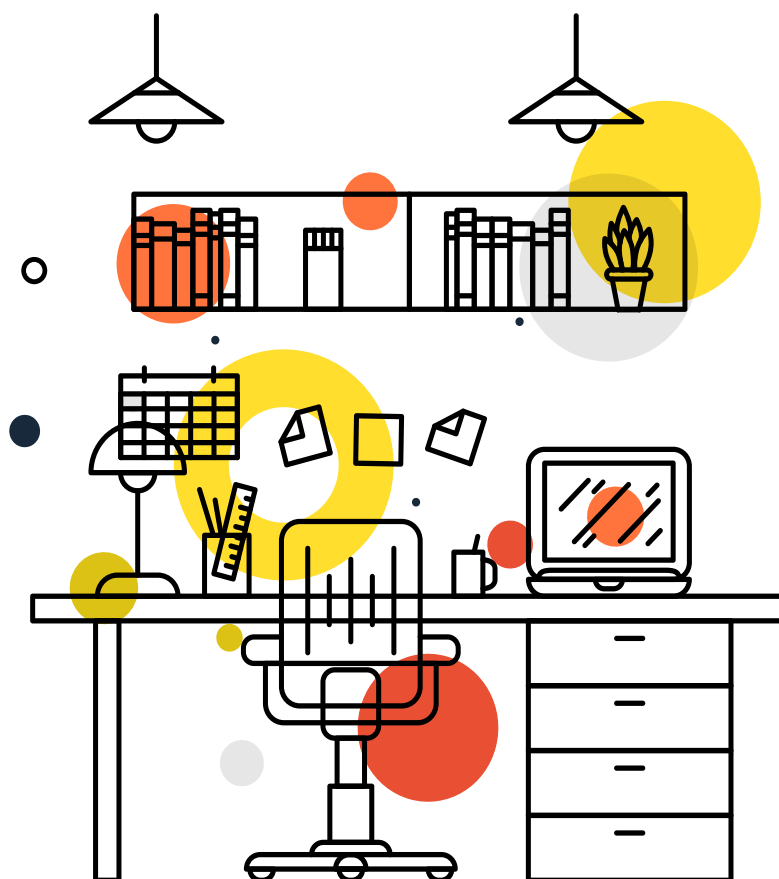
But whoever does the travelling, much can be done on the journey itself. A big message was that mobile access to what you’re working on is barely even innovation any more – it’s simply necessary to a base level of productivity.

Josh Rosenfeld, vice president of legal services at QuisLex, says: “Even law firms have now started developing apps to help clients check on regulatory developments – something that has clearly come out of other industries.”

But which mobile capabilities do lawyers and those supporting them most need? Internationally, quite a common response was ‘everything – and we can give it to them with a VPN.’ Still, some top

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Julian Arredondo, chief financial officer, Polsinelli



priorities do emerge, including access to knowledge and collaboration systems and client history details (enabling the ‘taxi update’ en route to a meeting, for example).

Mobile time recording also received many a mention as something that would be high on a wish list when it comes to future system investment.

Polsinelli CFO Arredondo says as the firm replaces its ‘time and billing system’ this will be a priority. “The aim will be to bring whatever the timekeeper touches to the top as a reminder – as well as identifying missed time. These are details that just wouldn’t be captured with pad and pen.”

No doubt time recording is such a common answer because the impact on the bottom line in terms of productivity is transparent.

But our offshore COO also provides some further context. “In general, we don’t see individual apps for things as the way forward – rather with devices like Microsoft’s Surface, the office’s systems follow people around.

“But if I was to identify one, it would be time recording – not because we want to charge more, but because it helps us to understand our own costs of production.” As so much other work can now be done on a mobile device, data about that work may be less robust than before – which can then lead to bad decisions in areas such as pricing.

Another recent investment for Polsinelli is making reporting against work targets a better mobile experience. “We’ve created dashboards to track progress for all timekeepers, and use flexible ‘push’ alerts to assist matter and client level engagement teams to manage budgets.”

Mitchell at Hogan Lovells has seen more demand for mobile time-recording – and has also put in apps for tasks like client onboarding and ‘know your client’ activity.

Responses are clearly skewed toward a fee

earner’s more administrative tasks – so what of the bread and butter legal work? Could firms find a way to innovate there?

“If I’m honest, the core legal work is still quite difficult,” admits Mitchell – whereas many others insist that legal document work is no harder to mobilise than data.

Swansburg at Blakes says: “There’s still a lack of mobile drafting and markup tools.” She says one of the more tech-savvy tax lawyers at Blakes developed an app to enable marking up documents in email. “When so much still flies back and forth by email, something as simple as that would be a big time saver.”

Finally, as the contract lawyering trend gradually gathers pace in Big Law, the way freelance employees are managed might be more efficient on a mobile device.

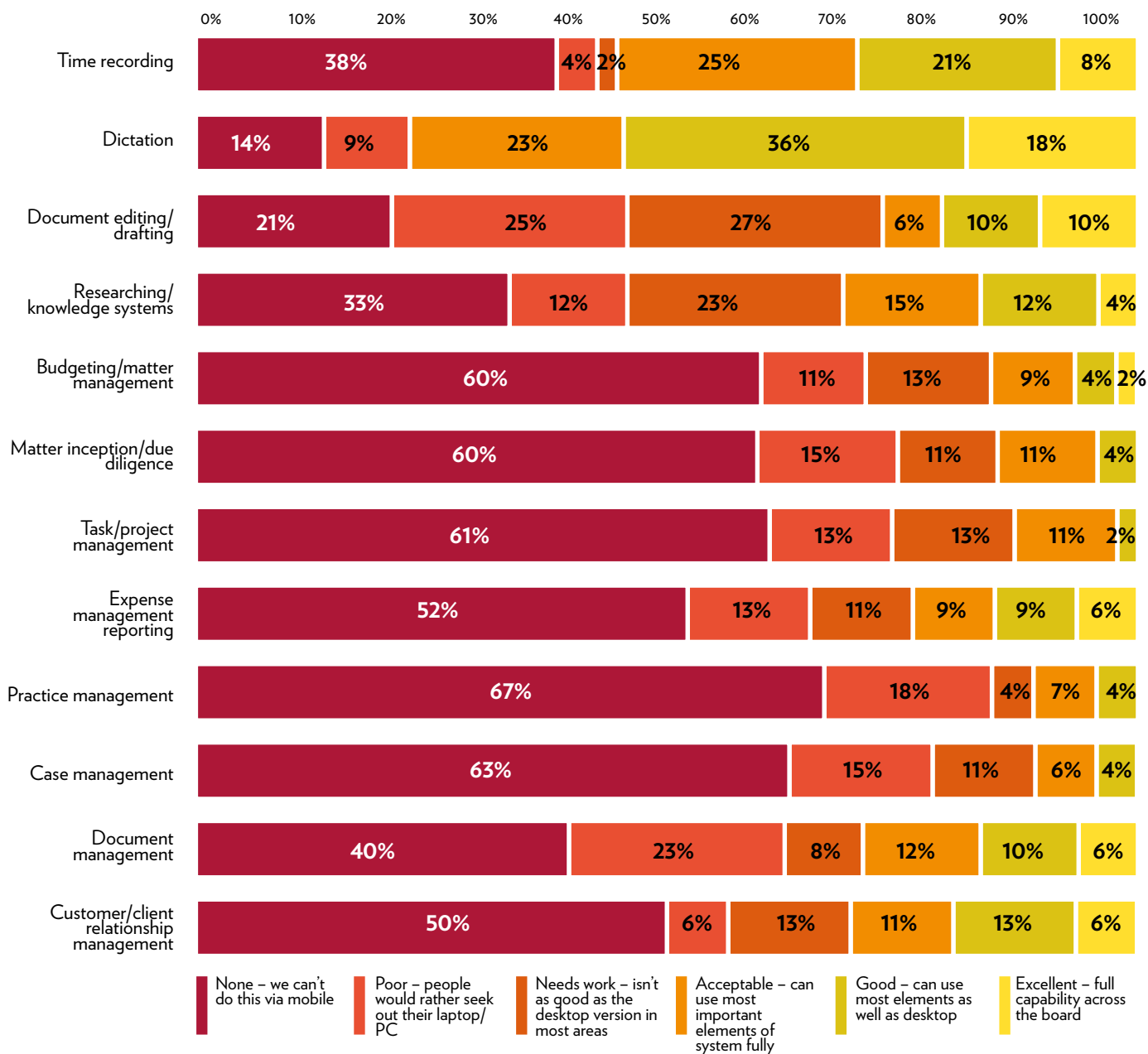
Bott says AG Integrate (Addleshaw Goddard’s freelance lawyer business) is exploring software that would help it to manage that flexible population a lot more efficiently – by suggesting engagements, for example, and ascertaining who wants what from their work-life balance.

“I’d hope any new software would include new communication options, such as chat room-style forums and app access,” he says. ▴

Mobility fitness test

You might have mobile-enabled IT, but if it's a chore to use you might as well be tied to a desk

Can you rate the experience your fee earners/attorneys or support staff get when using the following services on a mobile device?





Dictation is the only area that scored well for mobile experience. We think this indicates how well dictation has been matched to how users work, and legal business leaders and IT companies alike should use this as a benchmark for mobile capability.

It seems crazy, considering they're fundamentally digital, or at least informational in nature, that **researching and knowledge systems** aren't better to use on mobiles. This area is ripe for innovation.

The core areas of law firm IT, **practice and case management**, score the worst for mobile experience. This represents a significant opportunity to enterprise legal IT businesses to innovate around mobile for their core systems. Some of course are leading the way – some firms have pushed the boundaries of their core systems, and some legal IT vendors are doing the same – but the vital takeaway here is that those few firms who are embracing mobile for the core systems are light years ahead of the bulk of the legal market, and will reap the benefits of that sophistication.

Getting **document management** onto mobile devices doesn't just mean putting it in the cloud, but it's related to that world and it's just as fraught with risk. This is probably why so few people reported that their mobile DM experience is acceptable or better. However, documents are 'what law firms do' – so firms getting this right have a foothold on the culture.

Time recording is a core activity for legal professionals, and one that is capable of being heavily automated. There are also good solutions in the market for mobile time recording – but it scores surprisingly poorly considering all those facts. There's still plenty of room for innovation here.

Client/matter inception is surely an area that can, and should be, automated and mobile-friendly – yet the experience our respondents report on mobile devices is dire. Being able to on-board work whenever, wherever, is surely a no-brainer – and the upside of this result is that innovative firms that can deliver this functionality anywhere, any time, are simply more competitive.

If Salesforce can do it ... legal **CRM systems** should surely be better to use on mobile devices than our research suggests – and it's not like there aren't examples in the world to copy. Innovative firms take note.



7. Processing power

Irwin Mitchell's Graham Clark said that it was automation – rather than flexible contracts – that would best help a firm like his to scale up.

“Once you start the automating journey, there’s always further you can go – but it does require a different attitude to risk.” And as we’ve already established, so does innovation.

Automation can also help to manage the risk attached to the legal product: “There’s a big opportunity to cut through the notion that all types of law are bespoke, requiring different process.” If it’s unnecessary, that level of variation introduces risk, says Clark.

“A good example is anti-money laundering or other client due diligence checks. Whatever the service line, the process is the same. We’ve done a lot of work on automating use of agency information. Whether the checks are for wills, conveyancing or PI, it’s the same process and the same team. That’s efficiency, but it’s also good risk management.”

Perhaps the most common way of dividing up legal work is into bespoke and complex – one

welcomes automation with open arms, we hear. The other definitively doesn’t.

But it’s not quite that simple. Our NewLaw CEO gives the NewLaw perspective. “The legal market isn’t one market,” he says. “If you take cross-border M&A – that ‘bet the firm’ advice – you can’t automate it all. However, you may be able to automate the due diligence reviews. And as you move down the chain, there are huge opportunities in areas like contract management and negotiation, and employment.” He says any firms in doubt should look at their accountancy counterparts – where annual audits of old have now made way for automated real-time ones.

What do firms that represent that ‘high-value’ end say? Well, it might be the mid-tier that most feels the squeeze, but larger firms certainly can’t afford to turn a blind eye to automation.

McGuire at Simmons & Simmons says: “Firms like ours will be aiming for the high-value work, as that’s what we’re best at. But we’ll have flow-work from that, which can be commoditised. You can’t really not do it – and the way you do it may help you to win the deal in the first place.”

“If a legal opinion is used all the time, it does make sense to automate it – not only because of the volume, but to ensure quality control. It also helps to train lawyers, as the automation frameworks are such that you still need to understand every element to produce the document.”

Jamie Ng, co-head of innovation, Ashurst

Clearly, in some cases that work can be cost-effectively outsourced to others (law firms or not) – all potentially project-managed by the top firm in the chain. In fact, it’s another example of innovative collaboration.

A programme of structured security issues is a good example of work that is more complex and bespoke supported by subsequent flow-work, says McGuire. “Initially, it’s the sort of work a firm like ours is best suited to deliver – then there are subsequent iterations in the programme, which may require technology solutions, flexible resourcing and process optimisation approaches to ensure the maximum value is delivered to the client.”

Ashurst’s Ng picks out finance as an area of law ripe for automation. “Structured finance transactions are still being done the old way.” But then, through process mapping, you can find certain common elements such as certificates or notices. “That sort of ancillary documentation can be automated, even where the ultimate product area is vastly different.”

And it isn’t just finance. Ng also highlights insurance in litigious matters – common letters, for example – while the integration of AI software could even lead to some commoditisation of advice. An example would be provision of credit, he says – understanding the regulatory

environment you need to establish a lending business for a particular category of purchase.

“If a legal opinion is used all the time, it does make sense to automate it – not only because of the volume, but to ensure quality control,” says Ng. “It also helps to train lawyers, as the automation frameworks are such that you still need to understand every element to produce the document.”

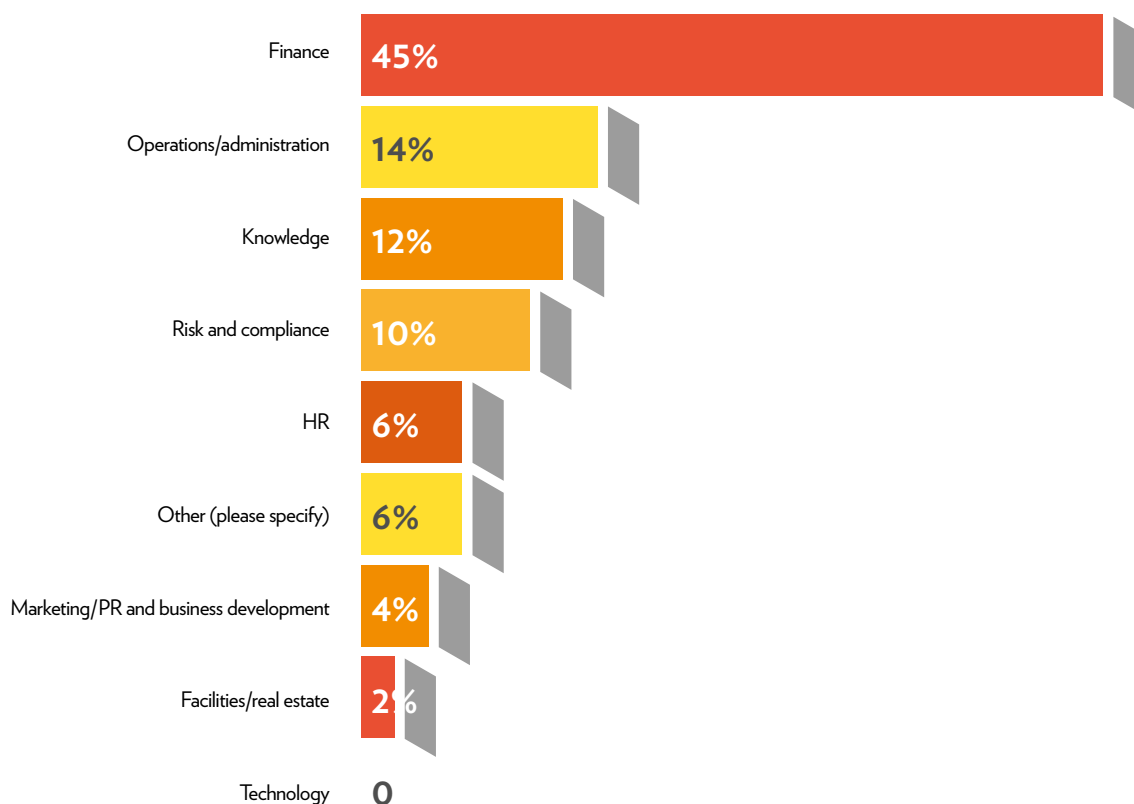
But without that frequency – even using a process just once a month – lower-value elements are likely to be better resourced as a playbook (or outsourced).

Polsinelli is still exploring automation opportunities. Arredondo says: “Most likely, we’ll start with a practice process or two, and back-office process or two. For example, there is quite a bit of lost non-productive time in the billing cycle – from time entry to invoice. This seems ripe for improvement.

“We also have a large IP practice, which deals with foreign counsel and patent trademark office charges. Those large volume, repetitive charges could be much more efficiently handled.”

Emerson’s practice economics team at Bryan Cave has a mandate not only for pricing, but also partner remuneration and write-offs (the latter obviously denting profitability). “We’ve recently rolled out automation of the write-off analysis

Which support/business services area in your firm could benefit most from more automation?



process,” he says. “When the lawyer applies for a write-off, they can see what the impact of that decision would be in real time, after which it’s automatically routed to approval.” Both parts used to be paper-based.

Blakes took a particularly novel approach to automation. Its global legal innovation challenge has challenged the developer community to provide a blueprint for a tool that automates report creation after any new set of legislative provisions. “We’ll bring in the winner to try to co-develop and bring that tool to market, either as a joint venture or with equity investment,” says Swansburg. “We specifically picked a process where we thought there should be better automation.”

However, she disagrees with those who see more potential in business services. “There’s more focus on the legal side, as that’s where the pressure is from clients – and that’s why automation in document review and predictive coding are already well established.

“Due diligence is the next big wave – and I

“The investment is much more challenging once you move outside the English language, and into smaller markets. Transformational legal technology only works if you have sufficient scale.”

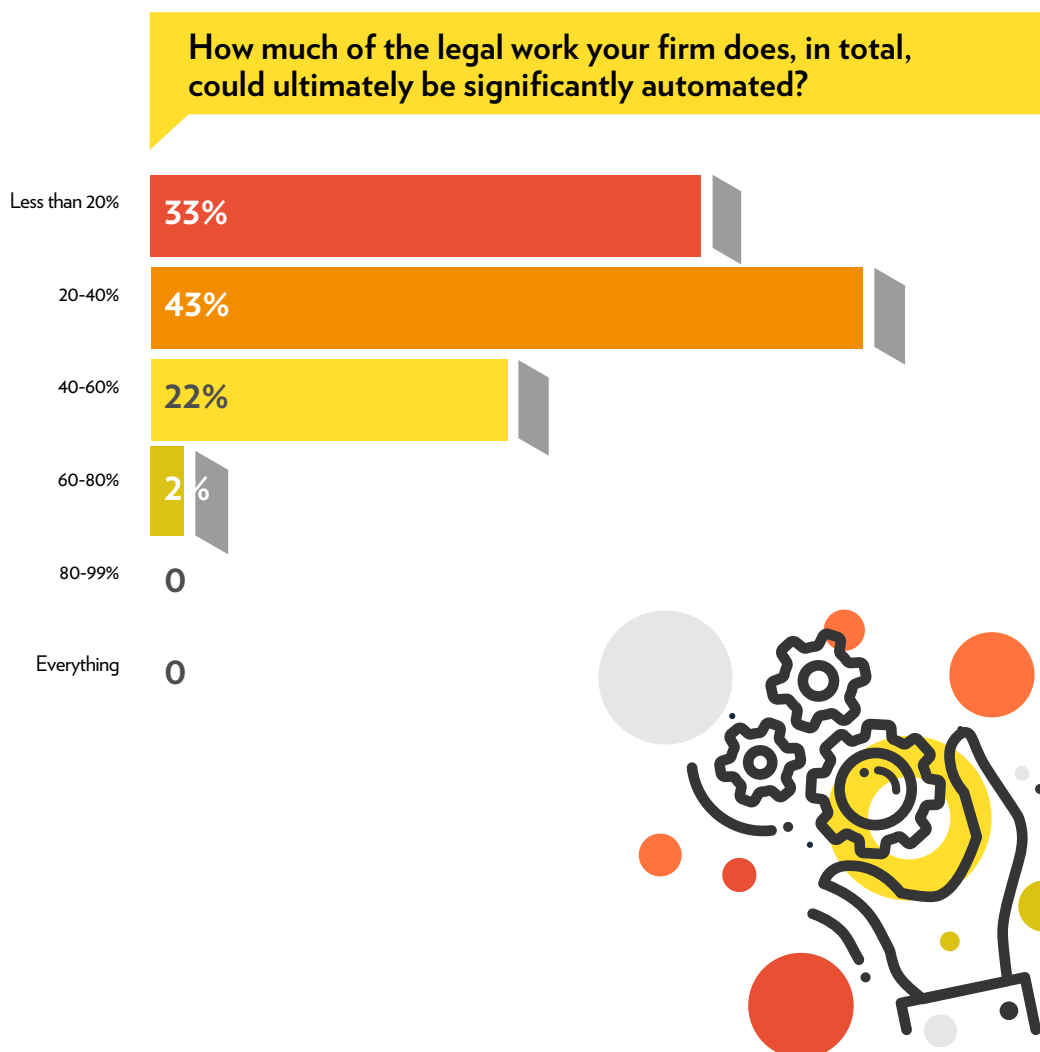
Patrick Lynch, chief operating officer, Kinstellar

think we’ll get to a point fairly soon where a firm without some form of AI tool will have quite an obvious gap.”

However, Bryan Cave abandoned its pilot of a project to automate a draft of a motion to dismiss – that is, an automated route to researching and incorporating all possible causes.

“You might have got a more standard approach to arguing such cases, but we were a bit too soon. There was a real cost to maintaining the back-end as the rules change,” says Emerson.

Ultimately it didn’t work in that particular



portfolio. “But of course, as technology and resources evolve, there is always scope to revisit the concept in the future.”

The innovation was also tied to the macroeconomic picture in the US – the mortgage meltdown, which had since stabilised. So, the case for legal process automation may depend not only on frequency of repeatable work now, but also on whether that source of work is here to stay.

Not to mention when it’ll arrive. Rosenfeld at QuisLex singles out the buzz around blockchain, for example: “Exciting, but still very early days – and where the actual closing of the deal could be automatic.”

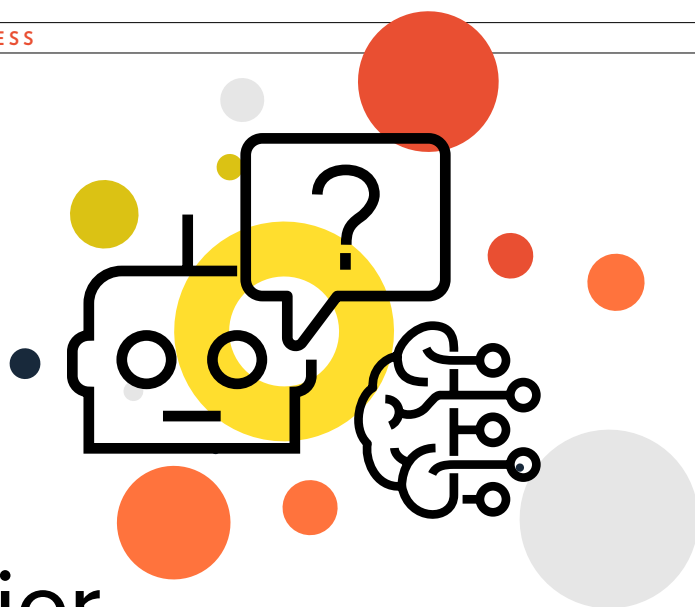
But even modest legal process automation isn’t for everyone – and it’s size that matters. Lynch at Kinstellar points out: “The investment is much more challenging once you move outside the English language, and into smaller markets. Transformational legal technology only works if you have sufficient scale.”

What do clients say? “Is the advantage passed on to me?” asks Benedikte Leroy at Dell. “There

has to be value – either it makes things cheaper, or it improves my own processes.” As with BT’s new triage model, Dell has turned to NewLaw/LPO Axiom to deliver some tranches of its legal work. “A lot of the things they do, we could do ourselves, but they have the latest technology, and the money to invest in future developments. The biggest issue with a lot of technology used to support legal work is that it quickly becomes outdated.”

And Ajaz at National Grid says the world of process automation has efficiently met process mapping at National Grid and its law firms – where they all mapped the lifecycle of an entire acquisition, not just the legal elements.

Simon Harper at LOD concludes: “What’s really interesting is what isn’t automatable. Where the value of your legal knowledge – not without irony – has now declined to almost zero, it’s the nuances, subtleties and more creative acts that really offer added-value.” ▴



8. Artificially superior

It's not the first time we've heard that quality of legal advice is a given in 2017 – throwing the burden onto service delivery to up its game. But assuming firms agree that AI will make their litigation or M&A expertise more competitive, just how will it change the way those firms operate?

All were remarkably upbeat about this as an area of innovation – suggesting, in short, that evolutionary machine learning is essentially 'natural', and so to be expected. Aside from the media further inflating an almost inevitable hype bubble – and we hear premature PR, by the way, is far from innovative – AI gets the innovation committee's firm thumbs up.

One Am Law 100 chief financial officer we interviewed says artificial – or "augmented" – intelligence, is the technology class with the most potential to be transformational.

"The lawyer has a lot of expertise, but that's expertise that's gained by their knowledge in a very specific set of circumstances.

"On the other hand, machine-learning systems can have access to every statute, piece of case law and client situation, but have no actual intelligence. They can collate the argument, but they can't present it."

A marriage made in heaven then? Amor at Australia's Corrs says she can't possibly look 10 years into the future when technology changes so fast year to year, but agrees: "It will have a huge impact. I do think firms that aren't exploring these technologies may be left behind.

"I think we'll also reach a point where clients will be offered the choice – work can involve technology-assisted review or not." They can choose based on the risk profile, with services priced along the same lines.

And Amor believes AI's momentum will also

meet the self-service model in the middle to generate an entirely new layer of efficiency. "We've launched an arrangement for the startup community where they can answer questions using an online platform. They're guided through steps to generate documents in areas such as IP and employment, but it also takes the data fed in and repurposes it for other agreements."

Libby Jackson, global head of alternative legal services at Herbert Smith Freehills says: "The most rapid pace of change is in relation to transactional work. We're exploring tools for identifying clause types and extracting other information from contracts, with a view to increasing efficiency in contexts such as due diligence."

And Hans Schuurman says using AI could even lead directly to winning more work. He describes its potential as a 'sanity check' for finding flaws in data files. "You could then pitch to clients for the work that closes that gap. Some people are terrified of robots taking their work – but if AI finds flaws and leakages in systems, that's something lawyers can help to close."

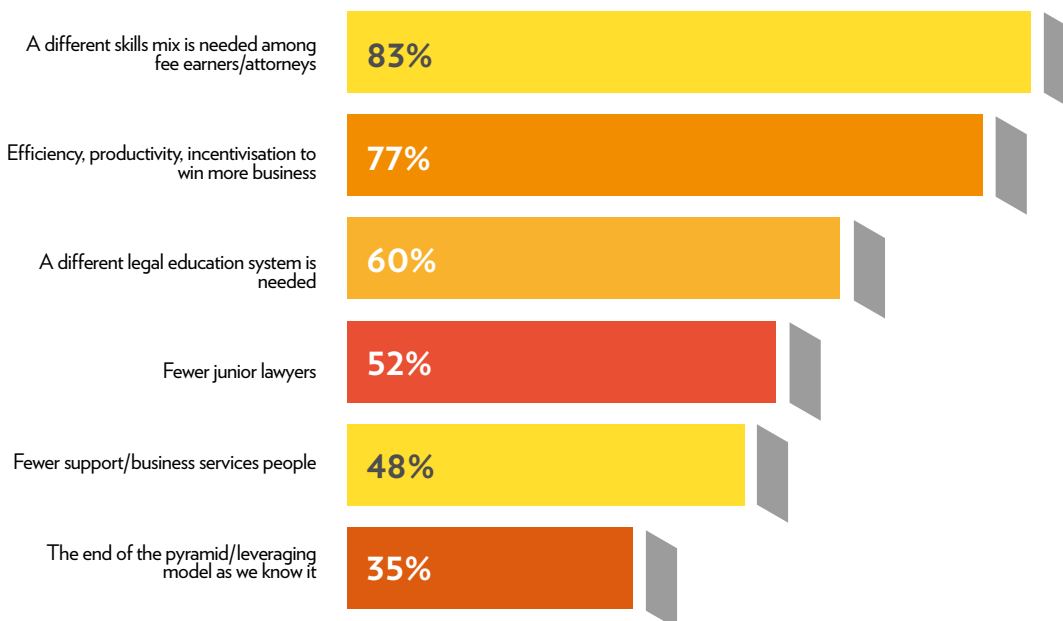
What does the client think? Keenan at BT says AI contract-generation tools are powerful indeed, "but I guess they're only as powerful as the programmers and operators. That isn't to say I'm sceptical, but the message needs to be out there that they need to be proven. You need to know the parameters to understand how far you can go."

Irwin Mitchell's Clark says: "There's no doubt that for significantly repetitive tasks – for example reviewing 2,000 identical leases – it could lead to a far more efficient, and accurate, outcome.

"However, that also makes the future law firm model very interesting – as those tasks are how junior lawyers cut their teeth and grow in confidence. Automation of a slug of lower value

Respondents could choose multiple answers

What will 'artificial intelligence' mean for law firms?



could mean less of a pyramid – with implications not only for headcount, but also for training and talent management. But there is clearly an opportunity for those people to work on higher value-added tasks for customers instead.”

Many agree – right across the spectrum. Swansburg at Blakes says: “We’ll need different resources in the firm in future. I already have pricing lawyers and data specialists in my team – and we’ll see lawyers coming out of law schools that are more broadly trained in technology and AI. Teams of lawyers will be trained to work with software tools in document review – and I believe that will create entirely new roles that don’t yet exist. However, there’s a gap in the current training for young lawyers to be well prepared for those changes.”

There’s even some suggestion AI might help in identifying changing skills needs. Cunningham at Winston & Strawn says the firm is experimenting with combining analytics and natural language queries to understand, for example, more about how marketing activity relates to billing data.

“People can ask questions in ways we wouldn’t even have thought important – and sometimes the answers are actually populating into graphs on the screen as you’re asking the questions, before drilling down into the detail.

“It means a team like our HR department can

suddenly ask smarter questions – such as who we should be hiring today based on the pattern of history.” For example, the technology has successfully profiled the recruits that make the best partners up to eight years later.

As that information proliferates, those systems will only have more to draw on – and learn from. So, could they even predict the human resources shape of the firm of the future?

But back to the immediate future, Libby Jackson at HSF concludes: “It’s all about words – and not just the presence of words, but creative use of words, such as sarcasm and obscurification. Natural language technology is trying to uncover intent. Those are things that we in document review really need to know about – to interpret facts fast, wherever those facts are in dispute.

“AI is still an extremely overdramatic way to describe where we are now. We’re a long way from it being as transformative as is predicted, and it will truly be.”

In this respect, at least, firms could only just be planting the seeds from which a new wave of business innovation will eventually flourish in the legal sector. If they’re going to change beyond recognition as machines do more and more of their work, it’s highly possible they’ve barely begun to recognise what that’ll mean for the jobs that are still to be done. ▴

WHAT'S DRIVING AGILITY IN LAW FIRMS?

Rapid Technological Advances

Globalisation

Generational Transformation

Practice
Management
Solutions
for the Agile
Organisation



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