Briefing

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SMARTER LEGAL BUSINESS MANAGEMENT
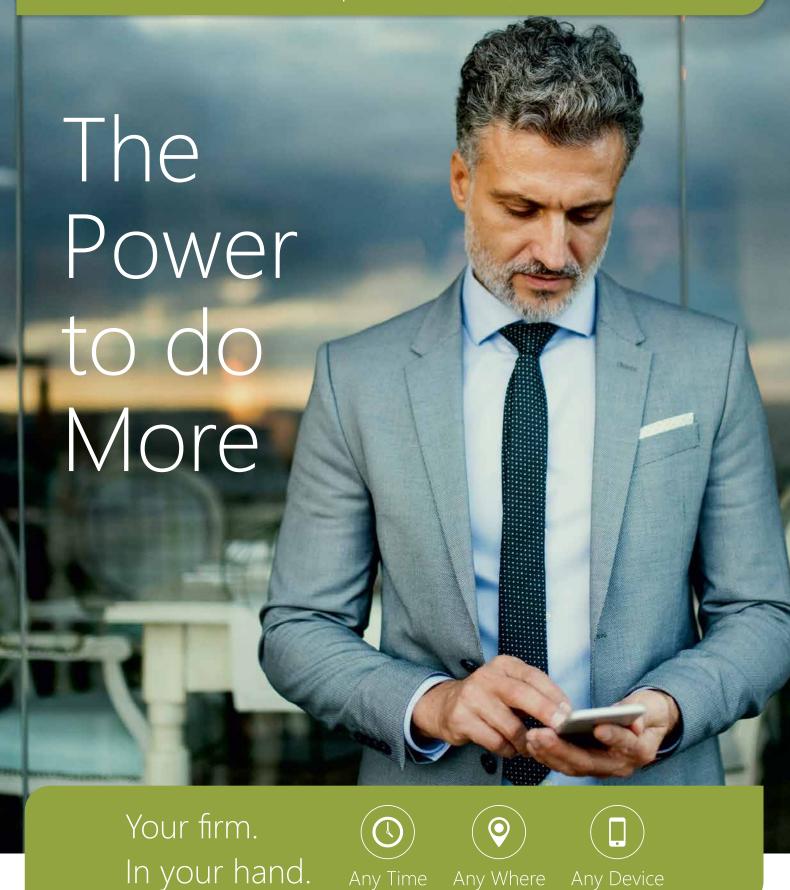
Take on the system

Transformation in legal is not for the faint-hearted – but do firms have a new breed of business technology within their grasp?

Editor's letter

Who we are...

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Talk to us

By the time that you've hungrily devoured this issue reader, **Briefing** will have held its first big conference of the year, Strategic Leaders 2019 (hey, perhaps I'll have been delighted to have seen you there).

Among much else on the packed agenda, we'll have what now looks like a very timely focus indeed on whether law firms should give some serious thought to the business of listing. With DWF finally confirming that it'll be going public this year, will this be the one to turn a trickle into a torrent of transformation?

One pretty good rationale for raising all of that lovely cash in a law firm is, of course, to invest in further operational change – ideally for the better. Our annual Legal IT landscapes report, for example, has long highlighted a fairly meagre reported average IT spend as a percentage of revenue. And that's in spite of a legal tech marketplace that seems to declare a new use for machine-learning or analytics software on every corner.

With DWF finally confirming that it'll be going public this year, will this be the one to turn a trickle into a torrent of transformation?

We cover a lot of technology topics in **Briefing**, but it's not every month that IT makes the headline of the cover feature (p12). However, as one major software solution changes hands in early 2019, and with lots of other big purchasing decisions to be made elsewhere, this issue we're asking about the difference an enterprise resource planning (ERP) solution makes, or might make, to your wider strategy. We know that firms are investing considerable time and energy in project management programmes and people to try to deliver their work more efficiently for clients and more profitably for partners. Might technology be the missing piece of the puzzle?

Then, in our team profile (p16) – this time it's the knowledge management leaders over at Hogan Lovells – we ask whether tech is poised to transform work there. Sorry, no spoilers to see here.

Thanks, as ever, to our issue sponsors – and we've three this month: SAGlobal, Thomson Reuters Elite and Fulcrum Global Technologies. Be sure to read their – and many other industry perspectives – from p23.

RICHARD BRENT EDITOR-IN-CHIEF

Inside this month

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Know with the flow

"Guard against rushing to a tech solution before the problem is explored."

Katja Ullrich-North, global head of knowledge management, Hogan Lovells

Briefing

Take on the system

Briefing is the only legal business management title, and is focused exclusively on improving the work and worlds of law firm management leaders. Every issue is packed with relevant insight and lessons from peers and pros.

Grow on now

In spite of politics reaching near-saturation levels of uncertainty, law firms are sowing some seeds of new endeavours, both structurally and geographically seemingly going for growth.

Europe is fertile ground. **DWF** has created a new position to help lead its expansion on the continent.

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Countries to have access to the CMS equIP incubator programme, across Europe, Asia and the Middle East

Ulrich Jüngst has become chairman of DWF Europe, in a move intended to build on today's successes – for example, that international revenue grew by over 130% in the first half of 2018-19. Stefan Paciorek, CEO of DWF's international division, said in a press release: "Further expansion within Europe and around the world is central to our future strategy." The firm is briskly expanding that presence already, appointing seven new partners in the region in the last 12 months.

Similarly, ever-expanding **Dentons** has done so in Europe by opening a new Düsseldorf office. Its fourth German outpost after Berlin, Frankfurt and Munich, global CEO Elliott Portnoy said the firm coud now claim "quality coverage of all major financial and industrial hubs in Germany". The plan now is to build it into a "full-service office", added its new managing partner Andreas Haak.

Clearly, with the intention of being the first law firm to float on the main London stock exchange (to raise up to £600m, it says, making it the largest ever law firm flotation by far), DWF has big ambitions. So too does NewLaw firm **Axiom**, which is also gearing up for an IPO, this time on the New York

stock exchange. The alternative legal service provider has also spun off two new independent companies in the process: **Knowable**, working on enterprise contract intelligence, and **Axiom Managed Solutions (AMS)**, described as "the leader in next-generation solutions for complex legal work at scale". Chris DeConti, chief revenue officer at AMS, said the organisations would each have "tailored investment strategies".

Another potential new shoot of growth, **Burges Salmon** has created an Irish partnership as part of its "prudent Brexit contingency planning", in the words of senior partner Chris Seaton. In a statement to **Briefing**, Seaton said the firm would prefer not to need it, leaving it "dormant" for now. However, it could "be activated to ensure continuity of service and advice to our clients depending on the nature of the final Brexit arrangements".

Meanwhile, **Addleshaw Goddard** has expanded its Transaction Services Team (TST) to Edinburgh, in response to increased client demand for its blend of activities in Scotland. Profiled only last issue by **Briefing**, the TST uses "flexible resourcing, imaginative processes, smart tools and technology", it says, to provide a broad range of legal services. Malcom McPherson, senior partner for Addleshaw Goddard in Scotland, said: "To expand the TST team in Edinburgh is part of our wider growth strategy, which will see continued investment in the firm across Scotland."

And finally, **CMS** has launched a global tech inubator programme, equIP, intended to nurture startups to fruition around the world. Having been confined to the UK since 2015, this promises access to investors, training, mentoring, networking and discounted legal advice. Anthony Waller, a partner at CMS, said: "Starting and building a successful business requires much more than a good idea."

The firm plans to expand the offer from the current crop of countries – including Austria, France, Singapore and Dubai – to the Latin America region by summer 2019.

Briefing's glad to know legal businesses are finding promising fields in which to flourish, even in the most uncertain of geopolitical terrain.

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Doing disruption

It's sometimes said the race to innovate legal services has turned disruption into the 'new normal', but is it yet normalised enough to be part of law firm culture? Has the innovation in client experience transformed how law firms operate more generally, and can they turn their investment into sustainable competitive advantage?

Early explorers undoubtedly enjoyed a first-mover advantage, as they offered genuine differentiation – something 'new'. But is that advantage sustainable, even for them? Is disruption in itself enough to stand out, or could there also be benefit in holding back a little to learn lessons from the pioneers?

Either way, most larger firms now have innovation teams embedded in or tapping up the BD, KM or IT function. In many cases, they recruit new professionals with legal tech, project management or strategy backgrounds, to work alongside partner-led committees. However, product development and other process innovation often still takes place away from the day-to-day of the lawyering – and although individual partners might be very aware of the key features of a product or service, tech solutions can be very hard to embed across the business. Meanwhile, a firm needs to incubate the right mindset for a genuine culture of innovation to flourish – which can take some time, and plenty of hard work, in any organisation.

Of course, firms also need to talk to clients about what they want from any disruption, but in some cases clients themselves may not know everything that might be possible to improve the service they're getting. The only way to meet that is fully proactive collaboration across the relationship, gathering information and asking the right questions.

Service innovation isn't all about using new technology – and where it is, it should really be an enabler, rather than the end goal, of an improvement. Nor is innovation always terribly disruptive. Even something that seems to be at the 'low tech' end of the spectrum – making some operational basics more efficient – can be transformative; perhaps an initiative such as a more scientific work-allocation process or more consistency in document review, for example. And a new way of collaborating – in internal teams or with clients – is unlikely to be a wasted endeavour. I'd just highlight that in my experience, if a new initiative first 'bubbles up' within one area, rather than being centrally rolled out from on high, it can be a change-management win and gain greater long-term traction as a result.

However innovation takes place at your firm, the way it's happening there and elsewhere shouldn't be ignored. Clients are disrupting the market for themselves, as well as buying into that of challenger 'NewLaw' brands. Innovation is a competitive risk factor, and firms that unquestioningly fall back on the practice of business-as-usual should ask themselves if it's still the best option. ◤

Clare Quinn-Waters
Business development specialist

@ClareQW

Service innovation isn't all about new technology – and where it is, it should really be an enabler, rather than the end goal, of an improvement

Offices of innovation

In our recent Jomati report, Law firm innovation and use of legal tech – a reality check, we reviewed what is really happening in the legal technology space and whether law firms were being innovative in the use of client-facing legal technology.

From our research, it was clear that many firms were much more actively engaging in potential uses for client technology. New and improved processes and products are being developed and rolled out by law firms. We may still be at an early stage in the effective use of client-facing technology, but the effort and investment devoted to it by firms is increasing as they seek to stay relevant to clients demanding the 'better, faster and cheaper' delivery of legal services.

What is particularly interesting is that many law firms are increasingly designating a 'head of innovation' to lead and focus this development, although others take the view that innovation should be an embedded feature of the firm and not delegated to any one individual.

Where a head of innovation had been appointed (which is the case in over 100 law firms) the appointees were from a mix of backgrounds. A few were from New Law, legal IT or product development backgrounds. Many were in fact former managing partners, senior litigation specialists or senior associates. But the biggest cohort were lawyers who were previously professional support lawyers in their firms. This may reflect the relative lack of experienced IT professionals with legal experience who are prepared to operate in law firms. It may also recognise that law firms want innovation, but not too much (perhaps evolution rather than revolution).

However, if supported by the firm's senior leadership, these professionals will have a significant role in driving a change agenda and identifying and developing new products for their firm to deliver to its clients. Whether they and any innovation committee will adopt a top-down or bottom-up approach to innovation, it is clear that many firms are now bringing rigour and focus to their legal IT investment. Although change in law firms can appear glacial, in markets where clients are demanding more from them – including pricing certainty by utilising fixed fees – firms have a clearer incentive to adopt new ways of working in order to protect their overall profitability. Especially in the UK, many of the largest and most profitable firms are innovating the most. They see it as essential in order to maintain their major client relationships, but also to protect and enhance their own profitability.

Legal innovation officers who can really deliver on their job description are going to be increasingly sought after and valuable in the years to come. ◥

Tony Williams
Principal
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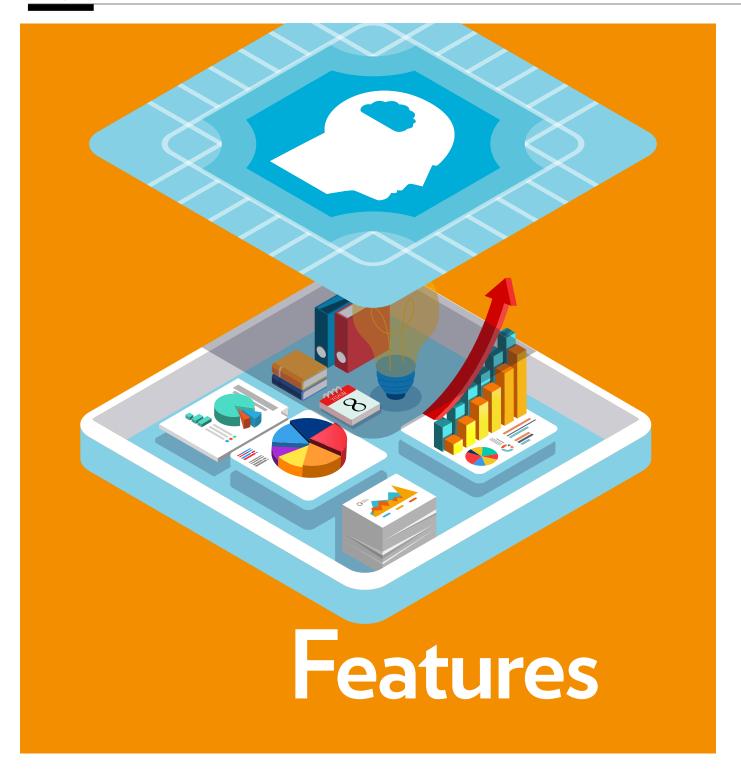
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> **Many of the largest and most profitable firms are innovating the most. They see it as essential in order to maintain their major client relationships, but also to protect and enhance their profitability**

Features

Take on the system

As law firms disperse, diversify and innovate at the front end, what do they most need at their core? Richard Brent asks whether competition is finally growing for traditional legal technology

In November 2018, law firm Fieldfisher announced it had continued its roll-out of the LexisOne enterprise resource planning (ERP) system, this time to its network of German offices – replacing as many as eight other business systems, it said, with this cloud-native SaaS solution, covering processes including matter onboarding, time/expense capture, billing, reporting and credit control.

Finance director Mike Giles said in the press release then: "The team completed data migration and reconciliation in just 8.5 hours. The slickness of execution is truly remarkable … It's very seldom that technology implementations of this size and scale are as painless."

Business processes had now been standardised across the UK, US, Belgium and Germany and the firm had already won an industry award for that notoriously elusive integration of finance and HR capabilities using the system, while notching up estimated savings of up to £1.7m over five years in the process.

However, the wider jury in the legal profession is very clearly still out on the capability of something very well used in other professions, but not yet in legal, to make good on its transformational promise.

Challenged to change

Steve Capon, programme manager at Eversheds Sutherland, and a former head of global finance projects at Hogan Lovells, points out that if law firms are somewhat slow to embrace another offer of 'change', frankly, it was ever thus.

"One blocker on broadening out the system search can be a reluctance to be that one person on platform X when the 99 others are on platform Y. Law firms have a tendency to stick together." In other words, in the context of practice management systems at least, "law firms will usually err on the side of caution", he says.

At the same time, and clearly connected, there's the fact that ERP is still so new to the famously risk-averse legal sector – notwithstanding that Linklaters was up and running with SAP back in 2003. "Law firms are slow to adopt new entrants at the best of times and there's also often a reluctance to be among the first," continues Capon. "ERPs have been around in sectors such as manufacturing and corporates for a lot longer, but the law firms that have gone down the path have been seen as trailblazers in their industry." Others now need to see not that firms are 'braving change', but that the move is a good one for boring old business-as-usual.

To be fair to firms, however – although it may be something you hear at many an industry get-together – this isn't just a question of being 'afraid' of change. There are some highly practical considerations surrounding change management when introducing such systems.

"I think a further likely factor behind the slow uptake is the perception that you have to implement everything – resource planning, budgeting, and so on – all at the same time," says

Capon. You don't. "Management looks at that, and rightly thinks it's a lot to take on – and also 'I like my budgeting software or HR platform'. People don't want to rip the guts out of the entire business and replace all the different elements at once." And far from safeguarding their own silo, this is especially likely to be the case in business areas that aren't in fact 'theirs', he says. "They could look to introduce modules over a longer period of time, instead."

Then there's the change in the implementation project itself. Rod Harrington, EMEA chief operating officer at Norton Rose Fulbright, was part of the global team that oversaw the firm's implementation of the SAP ERP platform. He wouldn't have taken several extra years to add aspects. However, he can certainly see the advantage "another six months" might present.

"We opted for a rapid deployment, and there are pros and cons to that approach. The faster transition is a challenge, because you're effectively designing training for new ways of working before you've fully finished developing the product, and completed the end-to-end testing with different user groups." Instead of reacting, he says, the business needs to "predict where the issues will arise and assign resources to them when you only have a limited group of people, and everyone is looking for help at the same time.

"A slower implementation would add some cost, certainly, but it could have a less disruptive effect."

Capon also makes the point that the change effort is likely to depend on how much a firm's fee earners are really able to do with any new system they're gifted.

"The truth is that law firms typically still don't expose a huge amount of the software to the front office," he says. But some do encourage more interaction with financials than others. Those may see benefit in – for example – timely insight into unfolding client scenarios while productively 'agile' working. But the flipside is that's also harder work for the business change team.

"If it were simply deemed the right thing for the

finance function to switch to, for argument's sake, an ERP solution, that could be justified in terms of a reduction in the number of integrations, IT spend over time, and so on." It would be a reasonably "easy sell into the business," he says.

"But if you're exposing what are historically back-office systems to the front office, then you're exposing yourself to a potentially bigger transformation challenge. You need to convince perhaps thousands of people that a decision which is sensible for accounting reasons is just as sensible for them."

Access to your team's utilisation and performance indicators in the back of a taxi is all very appealing in principle, but "you really need to work to build the appetite for it", he explains. "Unless you engage widely and well at the beginning of the effort, it can come unstuck.

"Some fee earners forever want to do something new on their phone; others say they never want to see another app in their life." And in spite of much talk in the market about what 'millennials' want at work, that doesn't even appear to be a division along generational lines, he says.

Process in power
Why did Norton Rose Fulbright decide ERP was the underlying solution best suited to powering its 2020 strategy?

Harrington wasn't with the firm at the time of the decision, but says: "Historically, I think law firms have probably allowed more flexibility than was good for them." On the most obvious level, this firm had a number of mergers that it needed to integrate – and certain systems clearly help to do that, he says. However, process standardisation is also growing more and more important in the day-to-day of a legal business approaching 2020.

"The old model, where each partner would deal with different colleagues in support functions in different ways, for example – almost designing a bespoke solution for everything that happens – doesn't work in a world where process centres are seeking so much more efficiency.

"It's not a question of lowering standards, but of aligning to common ones and achieving high performance against them. That involves committing to certain service levels and timeframes for partners, so that they can ultimately make the same commitment to the

clients. That's an efficient operation."

Dan Surowiec, global chief information officer at Baker McKenzie, which also decided to move to SAP, says: "We had 35 different instances of our PMS at that time. We were looking for a solution that would allow us to run a single instance of our PMS so we could streamline our operations and have faster access to the data needed to run the business. Being as large as we are, the standard tools within the industry simply struggled to scale to the level we needed to accomplish our vision. We had to go outside the industry."

However, even process improvement brings with it some change management challenges. Simply put, people need to use the system as the strategy intends. "They're being asked to conform to something, and of course that can be uncomfortable," admits Harrington.

It isn't just a matter of new processes to follow, but also managing the data to feed those processes, he adds. "A system such as SAP was originally designed for large organisations buying and selling very large volumes of similar things. That demanded conformity, and was typically associated with large volumes of data. The firm sees the benefit of the information that can ultimately provide, but the fact is you do have to put a lot into the system to reach that point."

Capon also identifies efficiency as a broad driver of system change – not just in terms of following more standardised processes with ERP, but also having less tech for the IT function to manage.

"If a firm needs to replace one piece of the technology puzzle, at the same time there could be value in cutting down on all the other integrations it needs to build and maintain by buying something more all-encompassing. There's a drive for greater efficiency in support as well as capability."

Opportunities and obstacles
Even more efficient than diligently following a more standardised set of processes is, of course, automating a bunch of that work – something else its ERP transition should help Norton Rose Fulbright to facilitate, explains Harrington.

"Automation is already replacing some of the manual involvement in transactional work, and hopefully we'll reach a point where you have the human overseeing data-processing work but doing less of the heavy lifting. It's still early days in that

journey, but that is clearly the direction of travel."

Surowiec adds that most of Baker McKenzie's focus to date has been on transforming its financial processes. "We've introduced a series of workflows that have reduced or eliminated manual, paper-based workflows in our 'quote to cash' process, and we're now doing similar work on our 'procure to pay' process." The other big benefit is "near real-time data", he says. "Previously, we had to rely on a weekly refresh of our data warehouse and static reporting. We now have advanced, interactive visualisations that enable teams to tell a story much more effectively."

He believes the firm currently uses some 30% of what the platform could potentially do. But there's more on the way already. "I'm now working with our people function on a roadmap looking out several years, which will include leveraging the ERP for core human resource information system, recruitment and onboarding, learning and development and performance management."

Capon says – and it's arguably back to the 'fear factor' of both dramatic and enforced change – it would be a very "brave person who says we'll change how we resource matters and projects, and let technology drive that – and by the way, we've not yet chosen the technology.

"And of course, you arrive back at the other market players with their bolt-ons to the big incumbent platforms, who are likely to claim to be able to do the same both better and faster."

However, Surowiec says he has been discussing "this very concept" in recent weeks. "Using technology to effectively predict capability and allocate talent is an ideal state for professional services firms. I don't think it will be long before we'll be able to look at past work, active assignments and anticipated opportunities to optimise how we staff and manage projects."

Finally, another aspect often mentioned in the same breath as ERP is the efficiency of cloud-based working – for back and front-office teams alike. Indeed, a 2018 survey of businesses' ERP deployment plans carried out for the Cloud Security Alliance (CSA) finds that while more of those already in the process of rolling out an ERP application are doing so on-premises than using any cloud option, on-prem's the least likely option among those who say they're deploying in the next six months (11%, compared to 15% saying cloud

SaaS and 18% platform as a service).

Juan Pablo Perez-Etchegoyen, co-chair of the CSA's ERP security working group (and chief technology officer of Onapsis), says: "What we see in the market, especially in the large enterprise sector, is organisations moving from on-premises to infrastructure as a service as a first step, complementing that with some SaaS applications. The cloud introduces agility – the ability to subscribe to a service or piece of functionality and use it in no time."

On the other hand, 65% of the survey's respondents cite the movement of sensitive data and 45% the time taken to migrate it as management concerns. Perez-Etchegoyen admits: "Migrating ERP workloads is not an easy task, especially if the migration is also done together with a technology upgrade. The customisations and changes that organisations make to their ERP applications are often overlooked and introduce complexity and delays."

While providers of both PMS and ERP are of course keen to discuss cloud credentials and what they can offer in terms of efficiency, the current environment feels fairly "cloud neutral" to Capon.

"There's a definite appetite, but I think it's unlikely to be the deciding factor behind a purchase." And as well as bringing opportunities, he says, it also brings new challenges. "If you have your PMS in the cloud, and then you decide to put your documents in the cloud, the two clouds need to talk to each other too. It's a fresh integration problem, intellectually at least.

"In addition, one part of an organisation may not want another to have the same access – which means they can't then be hosted in the same place."

However, Surowiec says: "Enterprise-class ERP requires significantly more rigour in how the system is operated. It's much more difficult to accommodate last-minute requests and outlier circumstances without very thoughtful consideration, planning and testing to maintain support from the vendor.

"I'd suggest that any firms considering this technology look at options for running these workloads in the cloud. While that brings a different set of challenges, it removes significant operational burden and capital investment."

So, to ERP or not to ERP? That is (still) the question. ◢

TEAM PROFILE

Knows global

The Hogan Lovells heads of knowledge management all met in person for the first time in 2018. Richard Brent hears a little of what was on the agenda, and why the practice of international KM can never be one-size-fits-all

The work of knowledge management is most likely always a work-in-progress – but at Hogan Lovells it has clearly entered a new phase of maturity in recent years. In early 2017, Katja Ullrich-North joined in the entirely new role of global head of knowledge ("knowledge is key" declared the press release then), and as 2018 drew to a close, the firm's regional heads of knowledge were meeting face to face for something of a summit.

Earlier that year, the knowledge function – comprising practice area knowledge lawyers, research and knowledge systems services teams – came together for the first time for a global knowledge retreat, a clear sign of increased recognition. Ullrich-North says: "The essential services offered by the various teams have been in place for some time. Part of my remit is to map and maximise our various touchpoints to provide a seamless, integrated global service to our lawyers and clients.

"We have other priorities of equal importance – there are drivers around improving efficiency and productivity, ensuring service excellence and managing risk – and we're more likely to succeed in addressing these priorities as one global team."

At the same time, she says, another aspect of her work is aligning all this ever more closely with other areas of the business – for example, marketing and business development, legal project management, learning and development, and technology, "so that they're joined up and provide a comprehensive, end-to-end service.

"There's no one-size-fits-all in the world of knowledge management. We have developed a clear global knowledge strategy for the firm that accommodates regional and cultural differences and underpins everything we do as a function."

International effort

Anke Bechtold, head of knowledge for Continental Europe – based in Germany and who has seen the firm develop over 20 years – says: "There are so

many different jurisdictions, languages, cultures and ways of working, and that's a very exciting environment in which to work.

"On the other hand, there are large regions such as Germany – four locations, but working as one office – as well as smaller offices. Some offer the full range of legal services, others are more specialised, and all with different support structures, so what's best for one won't always be the same for all."

The same is true of the firm's Asia Pacific presence, says Michelle Rich, head of knowledge for Asia Pacific Middle East. And a global business like this needs to be able to locate the 'seamlessness' within that rich tapestry – which means knowledge workers have a bit of weaving to do. Best practices found in one place can be crystallised and exported elsewhere if they do appear to fit – people or system-centred, client-facing or focused on internal collaboration.

Ann Wheatley, head of global research services since May 2018, says: "I previously led the UK research services team, but my role now is to bring the work of the different research services teams around the globe together, collaborating closely with the regional heads of knowledge."

Ullrich-North adds: "There isn't one single skillset for knowledge management – it takes a diverse range of skills and resources to source, create and deliver the services needed to support our lawyers and clients. That's another reason an effective team structure and a strong collaborative culture are key."

Weigh the system

It's almost inevitable that a **Briefing** team talk today turns to tech at some point. "Technology is just technology," she says. "Understanding the problems and opportunities is the real silver bullet. Sometimes, technology will enable us to do something very well – but only for a specific purpose and we've not come across a single instance of tech that has singularly transformed the way lawyers work.

"But layering clear processes, and systems on systems, does have the potential to create something truly valuable for our clients – and that's a direction we're exploring more. In order to do that you need to listen to the business and your clients rather than impose technology – it has to be a two-way conversation. There's some great tech in the market, but you do need to guard against

rushing to a tech solution before the problem is explored and fully understood."

Bechtold adds: "The presence of technology solutions in so many aspects of life also builds expectations in both clients and employees. However, another challenge is constant change in this space. You can quickly become outdated."

Wheatley says the firm also has a legal tech working group, comprising partner and associate representatives from each practice, together with various business services teams, including knowledge. "It's important to capture as many different perspectives as possible," she says.

Silvia LeBlanc, head of knowledge for Americas since late 2018, adds: "One top challenge in my region is managing that instinctive 'rush to technology'. Technology can be a game-changer, but in my first few months here I've focused on the fundamentals – thought leadership, model documents, knowhow collections – all to reinforce an already strong culture of sharing. Technology can layer on that foundation, but can't replace it."

Time and space

Competing demands for time can slow progress, the team admits. "It's not unique to Hogan Lovells that in areas like knowledge management, it can be a challenge to win the time of time-poor lawyers," says Ullrich-North. "Our lawyers are eager to be involved and recognise the value of knowledge, but of course client work does take priority."

The knowledge team's first meeting like this also comes at "a time of positive change across the firm", she says. For example, Hogan Lovells is now piloting a 'continuous feedback' programme, 'Pathways', which replaces the annual appraisal in favour of more regular, consistent feedback for all employees. Over the past year, the firm's UK and US offices have also embarked on "agile-ready" open-plan renovations, with a particular focus on new collaborative areas and wellbeing at work. For example, the ground floor of the London office is a striking new combination of fully equipped meeting rooms and informal cafe, both of which are side by side.

And although there's a palpable passion here for the transformative power of Skype, videoconferencing, screen co-working and other collaborative technology used across the firm to build a more engaging international team dynamic, the knowledge team agree there's no replacing a good, old-fashioned, in-person meeting. ◤

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Catherine Allen, risk and best practice lawyer at **Bevan Brittan**, says include the hiring of contractors in your firm risk register

▶ HANDS ON

Clearing consultants

Catherine Allen, risk and best practice lawyer at Bevan Brittan, says the promise of efficient flexibility by introducing consultant lawyers is a tempting formula – but firms should also be mindful of the range of risks, and take practical steps to mitigate them

In a competitive market for both expertise and costs, partners in law firms are understandably looking to use consultants to improve what they can offer to the client. Use of consultants may benefit the firm for a number of reasons.

First, this may of course be a cheaper resource. Consultants may work from home and have a reduced need for secretarial and other support. They may also even carry their own professional indemnity insurance.

At the same time, the model can increase your availability to clients. A pool of consultants may be available to pick up work as needed, responding quickly to ebbs and flows in work. This avoids the pitfalls of both over and understaffing. Overstaffing potentially results in increased costs at quieter times for the business; understaffing leads to a risk of work being done too slowly, or not at a sufficiently high standard when busy.

Access to the right consultant can also enable you to service clients who have specialist legal requirements, for example by providing expertise in a particular regulatory area. This might be particularly useful when tendering to be on a panel,

or for large pieces of work, where expertise requirements may be inflexible.

Those same clients may also benefit from some non-legal expertise alongside your consultants' legal advice – for example, in the case of an employment restructuring. It can be of great value to them if you're able to provide a consultant with the appropriate skills on a 'one-stop-shop' basis.

Finally, there's the draw of improved employee satisfaction. Consultancy might also offer a more flexible option for either ex-employees who wish to work part time from home, or indeed for new recruits, allowing them to accept or reject individual pieces of work in line with their domestic requirements.

For any or all of these reasons, many of your partners are likely to have considered consultants, and may already be using them. The big question is: to what extent is central management aware of this?

Making a register

There can be difficulties for central law firm management, simply in terms of keeping track of how and where consultants are being used at the firm. As solicitors often engage external parties on a matter, such as counsel and experts, it's easy to see how a consultant could be taken on and used without the knowledge of central management. However, this can be a significant problem. All law firm managers should ask themselves:
• Are you meeting your regulatory requirements in relation to consultants?
• In the absence of your standard pre-employment checks performed by HR, have

> **Many of your partners are likely to have considered consultants, and may already be using them. The big question is: to what extent is central management aware of this?**

appropriate checks been done?
• Are you sure that every one of your 'consultants' is not legally an employee?
• Are any materials sent to consultants secure and properly confidential?
• Do you know where all your IT devices, such as laptops, are at any time?
• What about security passes?

The solution to this issue might be simple in principle – a clear, consistent register of consultants, held in HR. Simplicity and clarity here really are key, as you don't want your consultant list to morph into a supplier register for the whole firm, which is a very different beast. We avoided this pitfall at Bevan Brittan by defining 'consultant' narrowly as someone who undertakes work for a client that would normally be provided by an employee.

You will need a process for taking on any new consultant, and for removing consultants who no longer work for you. And your new process will need to identify and manage the specific risks consultants pose.

What are the risks?

There are a number of issues which can arise if consultants are not properly managed, which could have an impact on

the firm financially, legally, or in terms of reputation. Here are a few of the more significant:

1 Consultancy contracts. It is surprisingly easy for partners to give work to ex-colleagues on a piecemeal basis and not to put any formal arrangements in place. The pitfalls here can range from lack of clarity over scope of work and costs, to legal and regulatory problems with essential points not being covered. It's advisable to have example or template wording available centrally, together with guidance as to what needs to be included in any consultancy contracts.

2 Consultant or employee? It's important that any new consultancy arrangements are legitimate, and don't in fact equate to employment. Whether an individual is an employee or consultant is legally a question of fact, whatever you call them in your agreement. Furthermore, if you get it wrong there could be serious tax consequences for the firm, or even legal sanctions down the line.

3 Transparency and white labelling. To comply with SRA obligations, you need to be transparent with the client when you are using a consultant rather than an employee, and also to be clear about the basis on which they are being charged. The best place to do this may well be your matter engagement letter.

4 Regulatory issues. If your consultant is a solicitor, you will need to check they have a practising certificate and obtain contractual assurances that they will comply with all the SRA regulatory requirements. If they aren't a solicitor there are still regulatory provisions which must be included in your

contract: for example, the right for the SRA to enter their premises to review work done. All consultants will also need to sign appropriate data-processor or data-controller clauses to comply with the General Data Protection Regulation (GDPR) and you might also want to make specific reference to anti-money laundering, anti-bribery or other legal requirements. A wrap-up contractual provision to require full regulatory and legal compliance is advisable, combined with a requirement for the consultant to notify you in case of any breach.

5 Supervision and quality of work. You need to arrange for the supervision of the quality of work done for clients by consultants. You may need any policy you produce to be very flexible in this regard, as some consultants may be very senior and acknowledged experts in their fields – possibly even more expert than you – but others will require closer supervision. You will also need to consider what, if any, level of ongoing training is required.

6 Information security. Under GDPR, you may be held liable for any security breach caused by your consultant. Have you carried out sufficient checks or imposed sufficient requirements where they're working from home? Is the consultant using their own IT equipment and, if so, is communication sufficiently secure? You might want to consider issuing consultants with laptops from your firm and not permitting hard copy documents to be printed. If you do issue laptops, access to your document management system should be restricted for security

reasons, as well as to prevent conflicts of interest for consultants who might work for more than one law firm.

7 Physical access to your building. Are consultants being allowed into your premises? Might they even have their own security passes? Even if not, you need to check that their fee earner contact is not improperly allowing access to the working floors of your building, particularly for consultants who have business interests elsewhere.

Needs for a sponsor
Given all of the above, it's important to have a robust process that keeps a record of all consultants used by the firm, and which deals with all the risks they can pose appropriately.

You will need to consider who at the firm decides who should be taken on as a consultant and provide a template form for a sponsoring partner to fill out. This should:
• Set out the business case for using a consultant
• Deal with issues of qualification and suitability for the work
• Cover risk and regulatory elements, such as information security and how the consultant will meet requirements
• Cover who will provide professional indemnity insurance for the consultant.

You might want to draft some accompanying guidance for the sponsoring partner, along with template contract wording. The guidance can deal with the firm's requirements for the contract and may also include additional elements such as checking references for the consultant, as well as verifying that

> **If you do issue laptops, access to your document management system should be restricted for security reasons, as well as to prevent conflicts of interest**
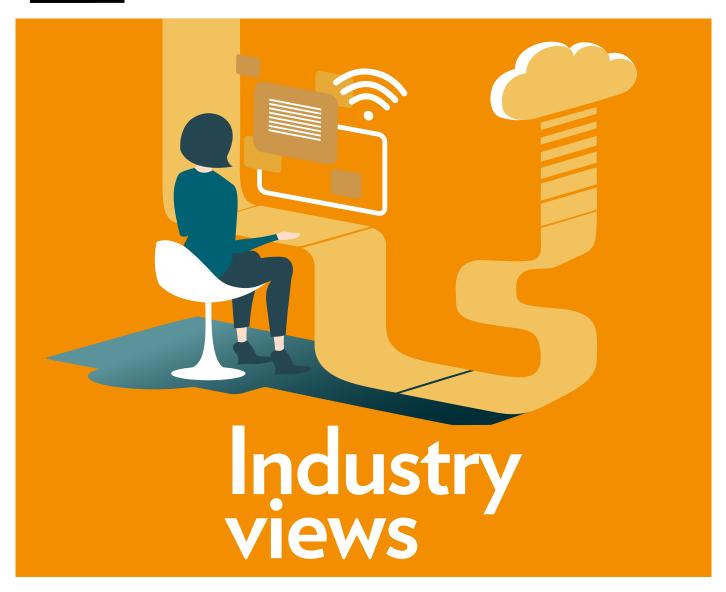
professional indemnity insurance is of sufficient quality (we normally require any such insurer to be A-rated).

Final approval might be provided by HR alone. However, you may also find that your finance, risk and marketing teams wish to have visibility – and even a role – in approving new consultancy arrangements.

Keep it up to date
Finally, having done all this work in putting a new process together, you will need to find a way to ensure it is used and kept up to date.

You may choose to deal with this by way of regular audit. However, a faster, and possibly more efficient, solution – one that we implemented ourselves – may be to cross-check with your finance team that consultants' bills are submitted under a particular code. Here, it's a prerequisite that the relevant internal requirements have been met for a consultant's invoices to be paid. This will still need to be supplemented by audit, but we have found it a big help in driving appropriate behaviour from partners and fee earners. Ultimately, the system needs to be solid and consistent, so it's worthwhile to implement proper checks. ◢

Industry views

Issue sponsors:

▶ **INDUSTRY INTERVIEW**

The power of one

Stephen James, CEO and founder, and Whit McIsaac, CEO Americas, SAGlobal, discuss the opportunity for firms to take advantage of cloud-based enterprise resource planning and client relationship management, and why their professional service-focused business is the perfect fit for LexisOne, formerly owned by LexisNexis

I t didn't take long at all for legal technology to make some waves in 2019. Within weeks, SAGlobal had announced its intended acquisition of LexisOne, a cloud-based ERP solution built on Microsoft Dynamics 365 by LexisNexis. A flurry of comment from all corners effectively re-posed the question of what a platform such as this might offer to law firm management over and above the more traditional practice management offerings that have dominated the sector for so long – and moreover, how exactly

SAGlobal would contribute to the LexisOne product in ways its former owner could not.

It's notable that Microsoft Gold Partner SAGlobal has long provided ERP and CRM solutions to one of the gradually emerging new groups of competitive players on the legal pitch – consultancy and accountancy; not to mention a longstanding commitment to delivering cloud solutions across the professional services market.

CEO and founder Stephen James says the company has carefully considered its own competitive landscape: "It was around eight years

LEFT TO RIGHT: Stephen James,
CEO and founder, SAGlobal, and Whit
McIsaac, CEO Americas, SAGlobal

ago that we first decided to focus on professional services as one specific industry. Other companies in our area tended to be generalists, and we knew that we needed a different strategic direction to stand out from the crowd."

However, he adds, in professional services the spectrum of complexity does vary according to the vertical. "Often, general consulting doesn't involve especially complex billing rules. In engineering and architecture they grow a little more so, and then you reach accountancy," explains James. But law firms far and away represent the most specific and complex requirements due to the nature of the legal sector.

Ahead of the acquisition there were other various forces in play. In 2016, the launch of cloud-based Microsoft Dynamics 365 saw the fusion of ERP with CRM among other business functions such as customer service and human capital management. ERP was repackaged as finance and operations, and CRM as customer

engagement. As an out-of-the-box solution this was "revolutionary", says James, but didn't come with the needs of the legal market, among other verticals, in mind. Independent vendors were encouraged instead to build on top of the cloud platform provided by Dynamics 365. In legal, 360 Vertical Solutions, owned by Whit McIsaac, emerged as a key player, building solutions (known as Cloud embed) on top of the Dynamics 365 customer engagement platform. In July 2018, SAGlobal merged with 360 Vertical Solutions, the latter bringing with them 30 years' experience of law firm CRM processes and over 40 customers across the USA, Europe and Asia Pacific.

On the merger, McIsaac, who is now CEO Americas for SAGlobal, says: "We integrated our Legal360 CRM and relationship intelligence product suite, and immediately also launched the implementation and support offer for the legal market globally.

"We were literally only 45 days into our

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relationship with SAGlobal when the LexisOne opportunity arose, offering a new product for legal that had been carefully developed over five years, sitting on top of Dynamics 365 finance and operations (ERP)." James describes this as "serendipitous", to say the least. "SAGlobal had just happened to have an exploratory conversation with the LexisOne team about some functionality it thought might help one of its accountancy clients. Some strategic stars appeared to be aligning."

A paradigm shift for legal IT?

One reason legal is so complex compared to other professional services verticals – and so, arguably in need of a solution such as the customer engagement and finance and operations application suites of Microsoft to streamline that– is the very wide range of firm billing practices, which can vary by client base or work type.

McIsaac explains: "A firm specialising in corporate M&A may have very different finance and operations from a litigation firm, for example. There are also some really specific requirements around origination of work, fee agreements and e-billing, where of course LexisNexis has already done almost all of the heavy lifting for us."

James adds: "Typically, law firms have had to stitch together multiple best-of-breed systems – specialist solutions – across their office networks." The key difference with the "end to end" alternative is a "single platform", which operates across business functions and unifies international and systematic silos. James suggests this consistency of platform across organisations will benefit the efficiency of training lawyers on technology as much as the underlying data management.

"Systems that are familiar and easy to use usually enjoy better traction, faster," says James. "With the Dynamics platform on which Legal360 and LexisOne alike are based, you don't find yourself in a situation where you're jumping in and out of different systems to complete a process. Everything, from finance to sales and marketing, interoperates within the Microsoft Office suite of applications, in the same way that CRM did in the past. And when it's time to report on work you

aren't pulling data in from as many sources, so the information is also more current, accurate and consistent."

As a result, ERP isn't quite the right acronym for the product today, suggests James. "We aren't talking about 'classic ERP'. Harnessing cloud's agility, 'modern ERP', dubbed 'finance and operations' by Microsoft, is no longer targeted at one aspect of a business, such as manufacturing supply chain or finance. It's a platform for the entire organisation, with intelligence and communication tools that can be leveraged as required for the task or problem in hand."

He continues: "Nobody necessarily needs to enter the finance and accounting core to be able to work with it. And business users have choice over how they consume the information – whether through the CRM portal or by their mobile, for example."

Moreover, as business processes are aligned, there's greater capacity for automation and, in turn, fewer pieces of data for employees to potentially mismanage. McIsaac says: "Historically, the management of data has been a case of building data warehouses, assigning teams to track the data, extracting and aggregating. In law firms, when a new piece of work is won, it's counterproductive for people to manually re-key details into a separate business-intake system. Legal360 empowers users to easily convert opportunities, and gather all the data captured in the pursuit process to leverage as the business moves forward."

Code cracked?

James takes one potential objection to the ERP route head on – that tools such as this will require re-engineering when Microsoft comes along with its next version. "One area of scepticism I've observed is this idea that businesses are no longer in control of the core application," he says. "Historically that was certainly true – and in fact LexisOne had that very challenge on moving to Dynamics 365. However, the important distinction between Dynamics 365 in the cloud and traditional ERP is that in the cloud everybody is using the same source code. And as of April 2019, Microsoft is merging all its code – all versions of all clients on

"It's a platform for the entire organisation, with intelligence and communication tools that can be leveraged as required for the task or problem in hand."

Stephen James, CEO and founder, SAGlobal

365 – into a single-source platform."

He continues: "Just as in Office, that platform will be upgraded on a continuous basis in the background. SAGlobal has no access to that source code; we can only build extensions outside the application. However, those extensions don't need changing when the application upgrades. The two code bases can operate independently. This means that SAGlobal can invest significantly in building its feature set safe in the knowledge there'll be no technological shift that suddenly requires a lot of retooling."

Promise of partnership

Another likely plus for the LexisOne story, meanwhile, will be quite the depth of the relationship between SAGlobal and Microsoft. One of only 12 global independent software vendor (ISV) partners, SAGlobal's Legal360 IP has been certified for Microsoft field sales. SAGlobal was also the third customer ever to go live with Dynamics 365, placing it most squarely in the early-adopter technology adoption programme (TAP). "What that means in practice is that we work really closely on the research and development," says James. "Microsoft wants

feedback from clients that could help to make its products even more effective than they are already, and we provide that from the perspective of a large number of successful projects."

In 2017, SAGlobal was singled out from thousands of businesses to be named global partner of the year for ERP – which is recognition of consistent high growth over the past decade, as well as its commitment to going vertical. The business has also maintained its status in the Microsoft 'Inner Circle', represting the top 1% of partners globally, not to mention being awarded Partner of the Year in 2018 for work with a new Microsoft Dynamics 365 solution, Talent. James adds: "SAGlobal has won eight of Microsoft's global awards for specific product lines, such as resource management – but it was 2017 that was the big one, winning for complete overall business solution platform."

In the press release accompanying the news of this acquisition, Microsoft Dynamics global ISV partner director, Patrick Fitzhenry, described it as "truly a game-changer for the legal market". With Briefing research showing law firms growing ever more confident in a cloud-first future, it's certainly one that will be worth watching. ◢

◤ INDUSTRY ANALYSIS

From knowledge to wisdom

Jim Godman, head of software solutions – legal Europe at Thomson Reuters, says that with multiple challenges, vast choice and rapid change, firms must plan their strategic IT investments wisely ahead of time

T he pace of change and pressure of competition is more relentless than ever for firms in the legal industry. Clients are demanding more for less, and firms are having to reinvent themselves and how they operate in order to meet client expectations and get ahead. What's more, successfully running a law firm takes far more than just superior legal skills. At the end of the day, law firms are businesses just like any other. Mastering both the business and legal sides of the equation is an increasingly difficult balancing act.

Technology has, in many ways, come to the rescue, with solutions that help law firms conquer the business side, and it's going to be increasingly important for firms to do so to remain competitive. In the 2018 Report on the state of the legal market from Thomson Reuters and the Center for the Study of the Legal Profession at Georgetown University Law, that message emerged loud and clear: proactive law firms are realising that increased investment in the right legal technology solutions is far and away one of the most successful paths to providing value to clients. As the report states: "Over the last few years, there has been

mounting evidence that law firms that proactively address the needs of their clients — for example, by implementing alternative staffing strategies, pursuing flexible pricing models, adopting work process changes, making better use of innovative technologies, and the like — can achieve significant success."

More specifically, higher-performing firms seem to place a stronger focus on increasing their adoption and utilisation of technology to improve workflow, internal efficiency and performance as a way of demonstrating their value to clients. Such investments in legal technology — in areas such as lawyer productivity tools that improve workflow efficiency, or profitability analysis tools that allow firms to better understand their own internal data — further allow law firms to show clients they have the tech prowess and business acumen to outshine competing law firms or any third-party legal service providers.

Accuracy, timeliness and cost-effectiveness are all aspects of client service that can be even better demonstrated through the use of technology. At the same time, firms need to be able to spot trends and business changes as they're happening, forecast more accurately and break down walls

between different sets of data to see the true picture of their business. Thankfully, game-changing tech continues to emerge across nearly every aspect of how legal services are delivered – and how the businesses that deliver them are managed.

Progress on pricing and billing

As an example, let's look at the area of pricing and billing legal matters, often cited as two of the top areas of concern for GCs, and arguably the biggest contributor to the concept of value. Key components of successful billing to clients are communication and performance. To achieve these, firms must absolutely understand 'how' and 'why' they are billing a client in certain ways, what the historical precedents are and in which areas of pricing there may be some 'wiggle room' to return value to the client.

None of this information comes out of thin air, however. Rather, it takes an investment in a business management system – powered by technology and analytics – to allow that information to be gathered, analysed, and distilled in such a way that firms can understand it and are able to pass that understanding along to the client

Firms are now able to use technology and analytics to more accurately predict revenue, see how their rejection rates compare to the competition, identify under-billing and compare billing activity

in order to really see the value they're getting. A data-driven understanding of your pricing ability also greatly affects a firm's flexibility, enabling exactly the types of alternative fee arrangements clients increasingly say they favour.

As a result, there is great demand for more intelligent pricing solutions to help firms accurately budget, confidently plan and closely monitor matter financials. These bring together relevant financial data such as fee-earner, rate and billing information, allowing lawyers and pricing professionals to price different scenarios and manage matter financials. The result is accurately priced matters and effectively managed budgets that maintain revenue and profitability goals, all of which can be brought to life – and issues and trends identified – through powerful data-visualisation tools.

It's a similar story when it comes to billing. Technology has played a key role in helping firms to tackle historical challenges in this area, not least the need to grapple with increasingly complex billing requirements from clients. At the simplest level, the move toward e-billing has helped to increase profitability, speed up payments and avoid e-bill write-downs and write-offs. But firms are now able to go a step further and use technology and analytics to more accurately predict revenue, see how their rejection rates compare to the competition, identify under-billing and compare billing activity to any other firm's billing activity for the same client.

The race to the cloud
More and more firms are also making the move to the cloud, and for good reason. Particularly for mid-sized and smaller firms, it offers a host of benefits that make cloud-based products more attractive than traditional on-premises software.

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Compared to their large law counterparts, smaller firms tend to be more constrained when it comes to the support staff and budgets to invest in infrastructure and things like additional servers. Moving to cloud-based products removes the burden of having to amass capital to invest in hardware infrastructure, frees up staff to work on other projects and delegates maintenance to expert outside vendors.

Security weighs on the mind of many when considering a move to the cloud, but the reality is that the cloud has incredibly sophisticated security mechanisms built in from day one. At Thomson Reuters, we have partnered with Microsoft Azure, including on our 3E in the cloud offering, which is coming to the UK later this year. Microsoft spends over $1bn each year on security research and development, and has a massive team devoted to network security. Law firms simply can't come close to meeting that level of investment in security.

An evolving landscape
Clearly, both challenges and opportunities abound when it comes to harnessing the power of technology in the legal industry. However, one of

the key – and most difficult – challenges is choice. With so many diverse areas in which to invest when it comes to legal technology, which are the right ones? And which are the right partners to deliver them – to get the best outcome? With the pace of change continuing to accelerate, it has never been more important for firms to think ahead.

At the same time, legal technology innovators have to get ever-closer to their customers. For this very reason, we at Thomson Reuters have been doing some changing ourselves. More specifically, we have made a significant shift from being a product-centric organisation to a customer-centric one. The sole aim here is to enable us to be more responsive to the evolving ways our customers work, focus our innovation investment, accelerate product development and improve the overall customer experience. Decision-making has been moved significantly closer to the customer in order to empower our employees, enhance speed and responsiveness, and speed up innovation.

And when it comes to the solutions we deliver, we're focusing more sharply on what we do best: helping law firms around the world to drive their businesses forward through data, insight and

Information for vanity's sake just isn't going to cut it any longer. Law firms – and the lawyers who comprise them – need real insight, powered by technology, to inform their decision-making

technology. Information for vanity's sake just isn't going to cut it any longer. Law firms – and the lawyers who comprise them – need real insight, powered by technology, to inform their decision-making. Making the transition from knowledge to wisdom has never been more important, and we're committed to remaining the most trusted name in the industry for providing technology-powered solutions that do just that.

Looking ahead, there is no doubt that technology will continue to transform the legal industry. When it comes to firms meeting client needs and competing effectively in a fiercely competitive marketplace, technology is likely to be the differentiator to separate the leaders from the rest of the pack.

◣ INDUSTRY ANALYSIS

Single resource

In spite of hesitation and myth surrounding enterprise resource planning,
keeping up with new solutions is a huge potential benefit to law firms,
says Martin Telfer, senior vice president at Fulcrum Global Technologies

E veryone in business knows about ERP. Or at least they think they do. Perhaps that's why lawyers don't get all that excited about the acronym for enterprise resource planning when they see or hear it. But, for every lawyer operating in a competitive, increasingly cross-border environment – and who isn't – it should. Clients no longer operate in a series of semi-isolated economies, as globalisation is increasingly driving us towards a single, integrated economy which fosters interdependence and fuels ingenuity and innovation.
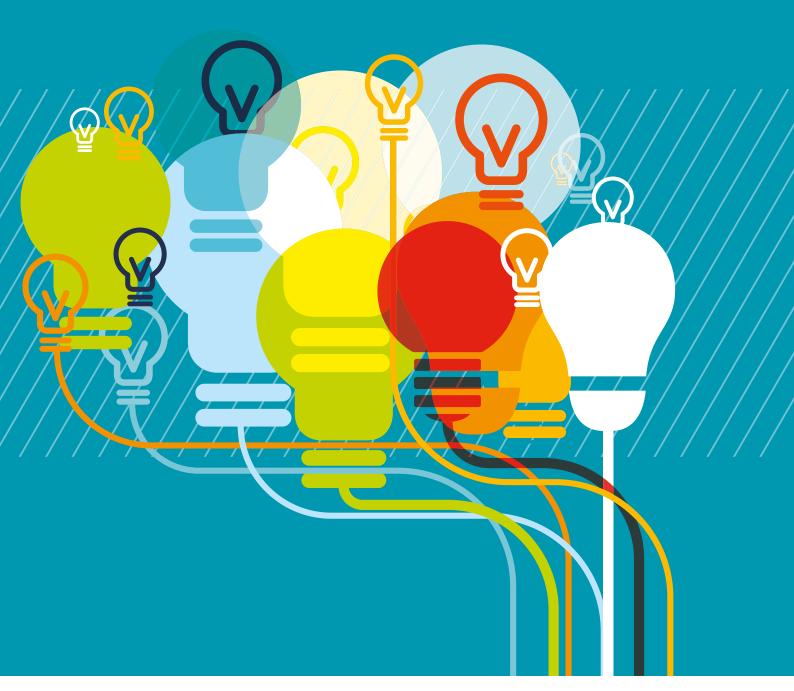
Although it may not generate the same sort of 'zeitgeist-y' headlines as AI or blockchain, ERP's international application has moved on equally rapidly since it was first applied to inventory management and control. ERP's true strategic value is fully appreciated by those who think globally as well as nationally and locally, which is why the Big Four accounting firms became early adopters of SAP technology for their global ERP systems, which have since elevated their standards and practice, enabling them to substantially expand their service offerings. They're now starting to evaluate the latest versions on offer, to intelligently use Fulcrum SAP technology to support their increased, and increasingly competitive, legal services footprint. This will add to the already significant pressures being put on traditional law firms by cost-sensitive clients seeking better value.

Globally, over 20,000 professional services firms of varying sizes have decided to use ERP, following

in the Big Four's footsteps, supported by the same SAP technology used by 80% of Fortune 500 companies. In line with their clients, an increasing number of law firms are recognising that integration delivers more than just streamlining processes and information across every jurisdiction: it enforces best practice and standardisation, in addition to helping firms to meet and adhere to statutory or regulatory compliance regimes. For example, SAP is uniquely certified by the British Standards Institution as being GDPR compliant in the UK and other EU countries. Critically, law firms that use Fulcrum SAP-based ERP systems also find that a shared database supporting multiple functions can deliver tangible benefits to clients in the quality, accuracy and timeliness of the service they provide. In short,

it adds real value that clients notice and frequently raise in client satisfaction reviews.

Up to scratch

Yet, as late adopters of technology, law firms find the reality remains rather different: a mixed bag of immature legacy systems proliferate, sometimes cobbled together with insufficient planning. Even within larger, international law firms, there are often disparate systems across their global network, struggling to manage the multiple needs of one organisation, let alone global clients. In trying to operate seamlessly on a standardised basis, while delivering a quality service to global clients, a patchwork of old systems is insufficient.

Snap acts in real time, updating records and systems instantaneously, and it provides flexibility – as circumstances change, so does the supporting business system

Cybersecurity is another perennial concern for any business, and law firms have not been immune from attacks, with myriad examples of hackers causing damage and business interruption. Beyond continuous training and robust security procedures, adhering to client and jurisdictional guidelines is paramount, and yet achieving this while controlling costs and managing a more efficient organisation is challenging. Deploying an ERP system using Fulcrum GT's technology does more than help: it also delivers scalable, proven and highly efficient automated processes and, where appropriate, allows individuals to contribute manually in a best practice workflow or solution. As a result, client service delivery is effective, efficient and secure.

Apt solutions
So how is this practically achieved? Fulcrum's Snap solutions are process-based, not transaction-based. They are built on SAP S/4HANA, and enable law firms to consolidate data and processes that were previously managed across assorted systems, combining client, people and financial data. In doing so, they create a continuity between departments and offices that allows best practices to be deployed firm-wide. Snap acts in real time, updating records and systems instantaneously, and it provides flexibility – as circumstances change, so does the supporting business system. This addresses a common concern among law firms: being able to maintain local flexibility while still running a global firm.
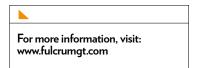
Snap provides a single, global source of truth: one point of reference that helps move data out of silos, creating data standardisation and the ability

to run operational and financial reporting out of a single, transparent system. As a scalable, global platform, it's operated by our clients in nearly every country, and runs in more than 50 languages, with all major currencies built in. Any category of data – structured or unstructured text, even social media data – can be imported, analysed and used. Without a single, global platform, some tools that firms want to adopt, such as AI and machine learning, can be difficult to deploy in the absence of clean, high-quality data.

What's more, firms can take advantage of a much more flexible approach to financial reporting. Instead of the traditional month-end financial close, which often takes several days, they can do it at any frequency, as everything is in real time. That can mean a decrease in audit costs, cutting down the number of days to close the books on a weekly, monthly or annual basis, and in the cost of analysis and reporting, through external auditors' familiarity with the system – it's all built into the toolset. Combined together, the speed, flexible processes and high-quality data can help to deliver on the promise of a real-time organisation, rather than a reactive or batch-process company. That extends to external perceptions, too: clients see their law firm operating consistently at best-practice levels of technological capacity, in every office.

Simple support
Some law firms have a misconception of ERP – that the time taken to implement makes it prohibitively expensive. Lawyers may believe that it's too big, too complex, too rigid in nature, and that it may not fit culturally with how their firm operates. But, far from being a complicated, expensive hindrance, ERP should always be a boon to a law firm.

A clear distinction exists between the culture of how a firm's lawyers interact with one another and clients, and the professionalism of its technology in standard procedures relating to the pricing, billing, and reporting of services. For every firm, that process should not be overly complicated. Even the largest, most successful firms need simplicity:

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processing all their time-related data, having all their clients and data in a single place, and billing every client effectively, efficiently and in compliance with the clients' requirements.

No matter how uniquely valuable the culture and specialist expertise of a firm, the technology that collates and delivers that value is not part of its core competencies. Fee earners shouldn't have to spend valuable time worrying about the management of a large systems infrastructure and its different interfaces and, from an operations perspective, they shouldn't need many billing staff, as long as there are standard processes and defined templates so that client invoices are collected in a timely fashion.

Implementation is another key concern. As it's perceived to be complex, many lawyers think that the process will take two or three years. Industry best practice derives from our experience with clients together with that of SAP, which has a wealth of experience in servicing the world's biggest companies. Accordingly, we can usually deliver for most mid-to-large size firms in six to eight months, and for some in as few as three to four. Rapid deployment like this shouldn't cause significant disruption to an organisation.

So, how and where is it done? Law firms can take Fulcrum's Snap solution on-premise, using their own hardware, in a virtualised environment – on-premise, but with a hosted infrastructure – or as a cloud-based SaaS deployment with a private, managed cloud. For the latter, as security is paramount, our environments are offered using bare-metal servers: single, specialised, dedicated pieces of hardware that exclusively run Snap for that firm. By moving to the cloud, firms don't lose functionality, but instead gain scalability, flexibility

Fee earners shouldn't have to spend valuable time worrying about the management of a large systems infrastructure and its different interfaces

and potential savings on IT resources.

Fulcrum partners with IBM as its global infrastructure provider. IBM has SAP-certified appliances and is fully security compliant: ISO-27001, SOC 1, SOC 2, SOC 3 and GDPR. This is a real benefit for firms transferring to the cloud and using it to access data, break down silos and move towards meeting the demands of today's clients and data processors; the cloud allows that to be achieved quickly and cost-effectively. As law firms merge or experience rapid, organic growth, the IBM partnership allows additional office setup to be completed in a matter of hours, while obeying many jurisdictional bar rules.

Cloud-based solutions not only make ERP investments more affordable, they also make systems easier to implement and manage. By next year, industry analysts believe that four out of every 10 large organisations will have at least 60% of their ERP applications in the cloud. Will your law firm be one of them? ◗

◣ INDUSTRY CASE STUDY

Clean up redaction

Accidental human errors are increasingly leading to serious data breaches – a worrying prospect for law firms. Sam Moore, innovation manager and solicitor at Burness Paull, explains how his firm uses DocsCorp products to reduce these risks, improving lawyers' quality of life in the process

W hen, in early 2019, news broke that Paul Manafort's lawyers had not properly redacted sensitive information from court filings – revealing that he had conceded discussing a Ukraine peace plan – the derision was widespread. They were seen as typical of anyone connected to the current administration: so incompetent they couldn't even black out a few words in a document.

However, for lawyers, the news was unnerving: this was such an easy mistake to make. Information Commissioner's Office (ICO) legal sector data breach reports shot up 112% between 2016 and 2018 – mostly due to human error, including not only failure to redact data, but data sent to the wrong recipient. If you add the perils of hidden data, there's lots for lawyers to consider against a backdrop of ever-tightening data protection regulations.

How Burness Paull uses DocsCorp

Burness Paull is a specialist in tech (its head of technology won the Leadership Award at the Scotland IS Digital Technology Awards 2018) and it's acutely aware of the threat.

Sam Moore, the firm's innovation manager, is the bridge between tech and the fee earners who use it. He says that Burness Paull has been using products from DocsCorp since around 2014. Today they form an essential part of his 'toolbox'.

For more information, visit:
www.docscorp.com

'Proper' redaction with pdfDocs

The traditional 'black marker' method of redaction (just blacking out the text with a thick pen) can be simple and effective. Some lawyers may think that reproducing this method 'digitally' simply means highlighting the text in black – however, this only 'masks' the text, it doesn't truly redact it. This is what happened with the Manafort documents – readers found they could just reverse the highlighting and view the text under the 'blacked-out' sections. DocsCorp's pdfDocs is different, says Moore. "When you redact and you save the document, the redaction is 'burned in' – it can't be undone or recovered after the fact."

And pdfDocs is not the only way DocsCorp ensures lawyers redact correctly. Its suite is designed to protect busy lawyers from making mistakes. If a user were to redact unsafely (for example, highlighting in black, or drawing boxes over text) and then try to send that document through Outlook, the cleanDocs application would inspect the outgoing document and flag the problem. This 'belt and braces' approach is what drew Moore to the combination of pdfDocs and cleanDocs.

The data you can't see

In 2018, one of the firm's contentious teams flagged to Moore that certain opposing firms were repeatedly asking them to provide Word copies of already disclosed documents during disputes. Moore quickly realised that the opposing lawyers were after the metadata attached to those documents. "As far as we were concerned, we'd already disclosed the required documents. We shouldn't be disclosing anything over and above that – including metadata – if that's not been specifically covered by the disclosure."

Rather than waste time arguing this point repeatedly, Moore suggested the team use cleanDocs, a metadata-stripping tool, which would

"Setting aside the time to 'clean' your documents at regular intervals can quickly add up."

Sam Moore, innovation manager,
Burness Paull

allow his colleagues to safely hand over a clean Word document. More than 100 types of metadata can be removed in seconds by cleanDocs, preventing even the most overworked lawyer from inadvertently disclosing hidden information.

Hidden tracks

One often overlooked cause of a data breach is hidden track changes in Word documents. According to Moore, some users "may not appreciate the difference between 'hiding' and 'accepting' changes" – simply hiding a change will not remove previous wording from the document. Multi-authored legal documents can also become scattered with 'digital fingerprints' from each contributor. "Setting aside the time to 'clean' your documents at regular intervals can quickly add up." He needed a solution which could run on autopilot, and again turned to cleanDocs. "Consider a situation when you may not know that a document has tracked changes – perhaps it's someone else's document which has been handed to you, for example, if a client has prepared a technical schedule to go into a contract. What if that document contains tracked changes, but the view settings are hiding them? It's valuable to have a product pick that up automatically and say 'hey – did you know this was here?'"

Quality of life factor

DocsCorp's products can also improve day-to-day quality of life. Moore says of the Manafort situation: "Many lawyers might read that story and think – 'what if I did that?' That kind of thing can keep you awake at night. It's far better to have the right tools available, combined with the right training, to get this right every time". Moore also talks about the 'last mile' of a transaction, when you are preparing the final version of a document for signature. "There is peace of mind in being able to be able to quickly run that document through compareDocs, just to be certain that the signature version matches the last agreed-upon position." Also from DocsCorp, compareDocs allows users to quickly check differences between two or more versions of the same document.

Burness Paull today uses all three of DocsCorp's document productivity products – compareDocs, pdfDocs and cleanDocs – and Moore has no doubt each has earned its place in the toolbox. "Some of our fee earners might only use one of them regularly, others might use all three every day, but I can only see demand going one way."

Open roadmap

Implementation is often the trickiest part of introducing a new business system. Paul Jenkins, head of IT projects and change at HFW, explains how Pinnacle got it through the ups and downs of implementing Intapp Open

T his time last year, HFW was on a mission to update its systems. In addition to Microsoft Office, it was implementing and upgrading a variety of Intapp products to help it deal with timesheets ('Time'), business acceptance ('Intake'), confidentiality ('Walls') and risk management ('Conflicts'). 'Intapp Open' (which streamlines business acceptance and the process of clearing conflicts) was also added to the mix.

It was quite the undertaking. Each product had to be configured to HFW's specific business needs. Intapp Open, in particular, was a "massive headache" says Paul Jenkins, HFW's head of IT projects and change. Incredibly, it was done ahead of schedule (Conflicts and Intake went live in December 2018). According to Jenkins, the success

of the implementation owed much to Pinnacle, a consultancy that works specifically with law firms to implement and optimise business systems.

HFW first came across Pinnacle in 2017. It had decided to invest in Intapp Open – however, when it came to actually putting Open in, "Intapp recommended we go to a third party".

Jenkins was blunt about his expectations: "I want a consultancy to act like a consultancy – not a 'yes' person. Our knowledge is limited to HFW's systems." Pinnacle was equally no-nonsense. Jenkins recalls that Christopher Young (one of Pinnacle's principal consultants) came to HFW. "He told us to ask him some questions, then he said, 'Well that's stupid. Why do you want to do that?'" Pinnacle came across as credible, with a proven track record. It had, Jenkins concluded at

For more information, visit:
www.pinnacle-oa.com

the time, "the whole package."

Intapp Open
Relative to the other Intapp products, implementing 'Open' was a challenge. There were also "a raft of regulatory requirements". Jenkins says, "We do lots of high-risk work in that the companies we deal with operate in a number of jurisdictions. We needed to configure a system that reflected best practice for what other firms are doing, and that could meet our needs internally."

HFW only had three internal people on the project, plus Pinnacle. "I don't think we appreciated how hard it was going to be, but we did it in 18 months. Other people have spent a few years doing it." They were firm about what needed to be achieved at each stage: "People busted a gut to do it – both Pinnacle and my team – and it was delivered. It was brilliant."

HFW has seen results, though they did have initial assumptions "about people's ability to do things right." One such assumption, that lawyers would input the correct address when putting in a matter, was dealt with uncompromisingly: "Now you can't finalise matter input unless you've inputted it correctly." That aside, Open made it easier to create high-volume, low-margin, matters: "We have to get rid of admin to make it profitable. Open also gives us better awareness as to who gives us work for BD purposes." The solution also streamlined how HFW provided the management information requested by its insurer clients: "Open is configured so that clients have to tell us if they work for a big insurer."

A pragmatic approach
The answer to what made the collaboration with Pinnacle successful, Jenkins feels, is unquantifiable: "It's based on the relationship you build with people". He had confidence in Pinnacle: "When we had problems I could just call them. They came over and we had a coffee." HFW and Pinnacle also shared the same approach:

pragmatism coupled with speedy internal decision-making: "Some things had to be built to go live, but for other things they'd say, 'we'll park it'. Pinnacle don't have to get approval from 25 people to make a configuration change."

Pinnacle meshed with Jenkins' personal style: "I want things done, I don't want problems." For his part, he made sure internal teams didn't get too hung up on points such as having a particular configuration done by a certain date. "I'd say, 'I think we can do without it'." Internal resources were scarce. He relied on Pinnacle heavily, and often. "We'd say, 'can you do this?' and they'd say, 'It's costing you,' and I didn't care," he laughs.

HFW's transformation strategy
In helping to implement Open, Pinnacle also played a key role in advancing the execution of HFW's transformation strategy. The firm operates in a competitive insurance environment: "You have to control your costs. That's where technology comes in. A law firm is a machine for making time and words, and billing that time. Wrapped around it are tons of processes, which tech can automate." Open minimises admin: "We can do bulk imports of matters for teams that have lots of matters but a low margin. The insurers email us instructions and the recipient can input something into Open and start the process." This stops a fee earner from doing it: "We're moving toward more document automation. Some clients want to create their own contracts and we can give them a portal for that. Tech can deliver that legal service."

A roadmap to the future
Jenkins is now writing a roadmap to tie HFW's systems into a single system to deliver legal services – a process which involves identifying gaps (for example, HFW only needs certain elements of a case management system). There is definitely a role for Pinnacle in future projects: "The team have tons of experience in doing lots of interesting things with technology. I'm going to try and get them in."

Sustain and repeat

Far from being an afterthought, sustainability might help your firm stand out from the competition, says Jason Skidmore, chief commercial officer at 3 Step IT

F rom the outsider perspective of a client, it's hard to see the difference between law firms. If I visit the website of a top 200 UK firm, I see similar terminology, people and qualifications. They all have strong testimonials, and they all show off awards from organisations I've never heard of – which is why, when your firm wants our business, a little distinction goes a long way. We recommend that law firms focus on their environmental sustainability credentials for the following reasons.

Ecological essentials

First, sustainability is moving from a nice-to-have to a must-have. As of 2016, companies in the UK with more than 500 employees have had a legal requirement to report on their sustainability. This scrutiny filters down to suppliers – if they aren't green, then neither is the buyer. The UK government follows the Department for Environment, Food and Rural Affairs guidance on suppliers, with a goal of meeting the 'greening government commitments' (actions UK government departments will take to reduce their environmental impact). This means clients across the UK private and public sectors are becoming sensitive to environmental impacts, and firms need strong sustainability credentials to match. The picture is no different outside the UK, as similar, often stricter, regulation is now in force across Europe. Sweden, for example, requires more

For more information, visit:
www.3stepit.com

specific reporting from companies with more than 250 employees.

Second, sustainability is rarely a burden. Unlike client hospitality, it's not expensive to save energy or spend less on travel through remote meetings. Making sure the lights are switched off after work is much simpler to implement and may well be more significant to your clients than AI legal assistants and blockchain smart contracts. The benefits of sustainability for employee engagement should not be underestimated either. In 2018 we promoted a 'walk the talk' initiative, pitting local offices against each other to show how they reduce their environmental impact. Not only was the internal response hugely positive, but the campaign also grabbed outside attention, including that of many new clients. Walk the talk 2019 is already in the works, and I invite you to join us.

Third, time is crucial if you want to differentiate yourself. When clients assess your credentials, it's not enough to give a new, bespoke response: assessment frameworks like Ecovadis take into account the longevity of sustainability governance and implementation, and other firms are already getting in shape – for example, dozens have been members of the Legal Sustainability Alliance (LSA) for several years.

So, it should be clear that even the most ecologically destructive lawyer has incentives to focus on sustainability and to take action promptly. The question isn't whether to take on this challenge, but how to do it. Initially, there are the quick wins. Replacing disposable cups with glasses and swapping rubbish bins for recycling bins are straightforward ways to reduce waste. Switching the lights off, making sure air conditioning isn't blocked and turning down heating rather than opening windows can lower your office energy bill. Simple, standalone practices like these can be implemented by most firms within weeks.

Cyclical start

But, to achieve serious results, a comprehensive sustainability approach is required. Firms need to identify and tackle their biggest CO_2 equivalent sources by replacing linear waste systems with circular ones that dispose of material goods efficiently. As a mundane example, consider an office laptop. Under a linear system it is manufactured, shipped, used until it becomes too

Clients across the UK private and public sectors are becoming sensitive to environmental impacts, and firms need strong sustainability credentials

slow to be fit for purpose, then thrown away. Under a circular system it could simply be refurbished, or resold to buyers on the second-hand market; if there are no buyers then it could be recycled. How does this compare to those quick wins we mentioned before? A new laptop can cost half a ton of CO_2e to manufacture – for perspective, that's equivalent to the production of over 6,000 500ml plastic bottles. So, lowering the amount of IT that gets lost, broken, or which is recycled instead of reused, could easily be the most impactful component of your sustainability policy.

Creating a real circular system may sound daunting. Common pitfalls include not keeping track of devices, failing to find secondhand buyers for those that reach the end of their first use, and not following up buyers who may discard devices after their second use. But there is plenty of support available, in both the third sector and the secondary markets enabled by the circular economy.

Free-to-join organisations like the LSA offer support to firms trying to improve their environmental sustainability, through expertise and by facilitating information sharing around sustainability. Amanda Carpenter, CEO of Achill Management, who hosts the LSA on behalf of member firms, says: "The LSA encourages law firms to reduce their carbon footprint at all stages of their supply chains, by adopting a circular economy approach. IT, like business travel, is an area that needs consistent effort to find places where carbon savings could be made."

And in the case of IT, lifecycle management is a mature market with service providers who can support the sustainable acquisition, management and disposal of IT devices. By maintaining reliable, audited relationships with resellers in countries with effective e-waste governance, these services remove the complexity of navigating the second-hand market and help ensure that when your firm needs to prove its environmental credentials, it ticks all the boxes. ◢

Digital days

From AI to cloud computing, technology is changing the fundamental ways that law firms conduct their business, but they shouldn't be afraid to embrace the new normal, says Gary Young, CEO at Peppermint Technology

T hey say the only constant in life is change, and the world today is being driven by many forces, with familiar names like Amazon, Microsoft and Google dominating the ongoing transformation of our day-to-day lives. Although these names play a lesser role in legal, that sector is not immune to the digitisation of the way we connect with the world around us; in fact, this is a sector that lives and breathes connections, relationships and customer satisfaction. As we all realise by now, those that innovate and embrace new technology to transform their businesses will lead the industry in building intrinsic value from their collective knowledge.

The real question is how to make this promise a reality, and the first step is to acknowledge that technology, in itself, is not the solution. Those that succeed will have a clear set of objectives to achieve business transformation; they will want to become more efficient, enhance the client experience and drive differentiation, and then employ technology to accelerate that transformation.

We certainly see many leading law firms embracing transformation and leveraging technology to secure competitive advantage. For instance, reducing paper consumption breeds greater overall efficiency, and some firms are even scrapping the billable hour altogether, but

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www.pepperminttechnology.co.uk

additionally, we also see alternatively structured legal service providers growing exponentially in number and creating greater competition in the legal sector.

Getting to know tools

Artificial intelligence (AI) and machine learning are among the technologies promising to provide real value to firms by streamlining workflows, reducing time taken to produce work and ultimately serving their clients better. YouGov research conducted by Microsoft and Goldsmiths, University of London in the summer of 2018 discovered that companies that have started to use AI are already outperforming others by 5%. According to Microsoft's Maximising the AI opportunity report in 2018, organisations deploying the technology were found to be "more productive, have higher performance and experience better business outcomes".

To gain the greatest value from AI, companies need to understand where it can facilitate, accelerate or add other forms of value to their transformation strategy. Examples of this might be using AI to eliminate repetitive, inefficient tasks, which subsequently enables fee earners to focus their time on client relationships. Alternatively, it might be employed to introduce a new level of client engagement such as self-service case tracking, or to automate document classification and improve governance.

Silver linings

The cloud is another potentially strategic piece of digital transformation, as cloud solutions offer the flexibility and scalability necessary to respond to changing business needs. In fact, Forrester's Predictions 2018 report on cloud computing posited that more than half of global enterprises would rely on at least one public cloud platform in 2018, and the future will likely only see this trend grow.

Privacy and security concerns that we used to hear are now being turned on their heads, as firms recognise that the cloud is in fact a privacy and security asset. Cloud can provide confidence that

data is being held in accordance with the appropriate policies, technologies and controls to strengthen overall security and protect firms from potential threats.

What's more, balancing security with usability is one of the leading challenges for law firms, according to the International Legal Technology Association's 2017 report, and cloud provides the potential solution. Remote working, on-the-go law, and 24/7 responsiveness is the increasingly common expectation of clients and employees alike. Cloud offers real-time access to information, availability of data and connectivity to mobile devices, bringing significant benefits to firms as part of an agile transformation strategy.

Tech foundations

The true power of technology is the ability to derive powerful insights by accessing all data in one location, offering 'one version of the truth'. It's now more important than ever that legal services use technology that can integrate fully with other systems and surpass prior limitations. Indeed, the emerging pre-eminence of AI requires interoperability with other systems to realise the full potential of data – past, proprietary systems were never designed for such a degree of flexibility.

In addition, while technology offers increasingly tempting opportunities for improvement, the true barometer of success is user adoption. This means tech must integrate with existing processes, workflows and other systems – and must streamline user workloads, rather than create additional tasks.

At Peppermint, we have a vision to help high-performing legal businesses realise their strategy for business transformation. Built on Microsoft Dynamics, our system enables firms to bring all their data together in one place through a familiar, easy to use solution, and translate it into useful information. This enables our customers to drive down costs, release resources from burdensome tasks and derive powerful business insights while delivering unrivalled client experience.

Every business is a digital business. Some just don't know it yet.

▶ **INDUSTRY ANALYSIS**

The right replacement

With so many firms looking to implement new finance or practice management systems in the near future, this sector of the legal technology market is really heating up, says Paul Longhurst at 3Kites Consulting

The practice management system (PMS) is the backbone of a firm – it handles time and billing, generates the firm's management accounts and reports and often much more, providing tools for estimating fees, opening files, managing matters and managing teams. So, with so many firms currently looking to replace their metaphorical backbone while the patient is still trying to carry on operating as normal, this area of tech faces both massive challenges and opportunites. Few firms can afford to be unable to issue bills for any significant length of time, so getting any PMS project right is crucial. But, if approached in the right way, these projects are also great opportunities to deliver real business benefits and make fee earners' lives easier.

Hot topic

Several of the common PMS products used in law firms are being brought to the end of their life by suppliers. These include Axxia, Elite Enterprise and Elite Envision, which are no longer being developed and will cease to be supported (meaning that if the system goes wrong there will be nobody to fix it). Although this is not news, firms still using these products now have a very short timeframe in which to replace their systems.

For more information, visit:
www.3kites.com

Furthermore, some of the older products in use in law firms are struggling to keep up with the demands that are now being placed on business systems. Compared with the R&D budgets of global giants like Apple, Amazon and Facebook, suppliers of legal PMSs are miniscule, but users' expectations about systems' ease of use have generally been raised by familiarity with those global products. Suppliers of PMSs must also contend with the requirement to develop their products for mobile devices and the increasing desire for systems to be cloud-based. However, even with the extensive end-of-life notice provided by many suppliers, there are still scores of UK top 200 firms which need to change their PMS within the next few years, not to mention those that have evolving requirements. For the suppliers which have invested in developing their products, it's actually reaching the point where they have more opportunities than they can handle, and firms are sometimes having to wait weeks just to get suppliers to give an initial demo of their products.

In addition to longstanding PMSs, some of the products now available are ERP (enterprise resource planning) systems. These operate on the basis that a professional firm's key resource is its people, and they therefore provide tools to help source teams for matters, while managing the utilisation of those individuals. Opinion is divided about the extent to which a true ERP approach works in law firms – it certainly requires a dramatic change of working practice but, for firms whose type of practice can take advantage of it, the effort may be worthwhile.

Opportune moments
There is an upside for firms operating on PMSs which have been in place for a decade or more and haven't been substantially upgraded in that time, however: big improvements are available. As clients (and the courts) demand closer attention to the management of costs, many products provide better, more structured, real-time visibility into how these are mounting against budget estimates, which enables lawyers to manage their matters more effectively and be warned of cost overruns early enough to do something about them. In addition, there are benefits to being able to estimate for new work more accurately, based on past matters of a similar type but with the ability to take account of differences in circumstances. The availability of dashboards for key financial information – for example, at a fee earner, team, client and matter level – can also enable users to stay on top of their work, provided they are encouraged to look at them. Being able to refer to this data from mobile devices also helps.

Ensuring simplicity
Another potential benefit is the opportunity to streamline financial processes which may have become convoluted, and this could mean a radical review of who does what in relation to opening up a client matter and generating bills. But caution is advisable, because inefficiencies in these processes often arise from the fact that some firms' legacy systems can't retain the level of high-quality detail about fee arrangements that's now common, so bills are produced at incorrect rates, or showing incorrect information and have to be reissued, causing embarrassment as well as generating additional work. Getting the right information into the system from the outset of a new client relationship or a new matter is one of the main advantages of a new system, but a PMS project will need to look closely at the quality of data being migrated, or the credibility of the new system could be undermined from the outset.

A new PMS should reduce lock up and improve profitability, but the benefits only come from changes in the way things are done, and change is hard in law firms. These systems are inherently complex, so change management is key to their success. ◢

There are still scores of UK top 200 firms which need to change their PMS within the next few years, not to mention those that have evolving requirements

Philosophical machines

Kayli Olson reports in from the Law Society's fourth and final evidence session for the Technology and Law Policy Commission

What better way to spend Valentine's Day than to hold a philosophical and moral debate on the use of algorithms in justice, one more time. As a legal business journalist, I would be remiss not to get involved in the conversations around legal tech and, specifically, machine learning/processing in the sector. But one must tread carefully so as not to add to the noise and hype of any one system or theoretical use of *cough cough* artificial intelligence.

The Law Society's evidence sessions for the Technology and Law Policy Commission interviewed a range of legal professionals, police, regulators, professors and human rights activists to get an overview of current actual uses of machine learning and predictive analytics in the justice system: the faults, the opportunities, and any legal and moral obligations surrounding them.

This session heard concerns from human rights experts about the mishandling of the privacy of the public and stressed that use of algorithms in the justice system, particularly when it comes to police outcomes, needs to be regulated or at least justified and agreed upon. Current issues around contemporary principles of human rights – and the basis on which those originate, heavily influenced by philosophers like Immanuel Kant – have not traditionally addressed the issue of privacy.

It begs the question, is privacy a right? Aristotle was one to make a distinction between the private domain concerning family and domestic life and the public domain, which deals with political activity. But philosophy has not had long to debate this issue in the age of social media and public surveillance. Fundamentally, yes, it would be wrong not to respect an individual's privacy, but not at the expense of national security. Article 8 of the Human Rights Act 1998 attempts to define just that.

Since Edward Snowden spread awareness to the public, people have been more vocal about their concerns about privacy. Judith Jones, head of parliament and government affairs at the Information Commisioner's Office, said that it was only in the runup to the GDPR deadline that people were aware of their rights and, all of a sudden, they felt like they needed to care. "But people still tick the T&Cs box to get the service."

Philosophy isn't some abstract debate only for nutty professors – it can be used to build a legal framework for these issues. Jones said technology systems today should include data

> ## "Code is law and coders are modern lawyers. They should be held to democratic oath and law in the same way."
>
> *Alvin Carpio, CEO, Fourth Group*

protection by design.

Silkie Carlo, director of privacy rights company Big Brother Watch, said that the issues of fairness in process and fairness in outcomes are different and that 'explainability' is important to look at if people are ever to trust algorithms with human rights.

The use of machines needs meaningful human input, as some activists push for. "But what does that look like?" asked Alvin Carpio, CEO at the Fourth Group, a global community driving the fourth industrial revolution.

"Algorithms were used to get you here today, when you checked a maps app to plot your journey from work to the Law Society. Code is law and coders are modern lawyers. They should be held to democratic oath and law in the same way."

Jamie Susskind, author and practising barrister, agreed that coding should have the law built in, but to tread carefully. He mentioned that under Aristotle's view, you are a good person when you choose good actions, but Jamie added that in the future people won't have that option.

"You can't dodge a bus fare if it automatically charges your card when you get on," he said.

The threat of a dystopian future where some of these ideas are reality may not be far off, no matter how science fiction it seems. A legal framework is needed, but not to the point of overregulation at expense of innovation. ◤

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