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Mind the gap

Law firms will have to pivot in order to value legal tech, says Dr Iain Reid

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It has been widely acknowledged that legal firms have endured numerous pressures since deregulation. Firms also face increasing pressure from clients to provide higher quality at lower cost and better value. In response to these pressures, the profession is exploring multiple offerings from the world of technology and digitalisation. Of those available, the most popular technologies consist of document management; IP management; e-billing; and online resources for research and precedents, many of which mainly benefit mass transactions and support repetitive processes.

The UK's legal services market is still in its infancy in terms of innovations in legal tech. Start-up firms, seed investors, small business ventures and venture capital firms dominate the value of investment in this sector.

In 2016, the Law Society published a report: The Future of Legal Services. This presented the core drivers for change, while attempt- ing to predict how solicitors and lawyers would integrate with this digitised technology beyond their current comfort zones, including technologies like; artificial intelligence (AI), big data analytics, machine learning, smart contracts and cloud computing.

However, the legal sector has been slow to market in respect of these new technologies, favouring slow, incremental adoption. Therefore, the profession is at a tipping point in terms of legal tech as new entrants are responding far quicker than the more tradition- al law firms, through more competitive legal fees and 'no hassle' standardised services. The question is, how can a law firm 'pivot' as a traditional professional service firm? Law firms will have to shift their business models to gain the greatest value from legal tech. To quote Ajaz Ahmed, founder of Freeserve: "The ability to envisage a new, smarter way of doing things has always been a hallmark of great entrepreneurs, and the pivot is the defining act in the history of many famous firms."

A further question is, what is the current adoption rate of legal tech? This question needs to relate to the true scope and scale of this opportunity. In the most well-known con- temporary cases, the change around stemmed from good digital principles: acknowledging that competition has left your 'plan A' in the dust, being open to new ideas and responding to what interests your audience. With a world predominately functioning online, there are rewards for those firms who pivot at the right time – just as the penalties for those who refuse to accelerate will be amplified.

An important consideration when pivoting your legal tech is the power and authority. Who will support legal tech adoption and value proposition? Has the partnership model hindered progress?

SCOPE AND SCALE

As more technology vendors release solutions to automate standard day-to-day practices, firms should ask themselves what transactions they perform regularly; and look to those documents that can be automated. These processes cut costs and free up staff to perform technical and advisory roles, adding value to the client. Off-the-shelf AI platforms providing customer and client handling such as chatbots, virtual assistants and messaging-based applications are optimising service delivery. They are able to support an interactive and intuitive style, and articulate on a high volume, low complexity scale in order to accommodate the nature of mass services offered in the legal sector. Legal tech has predominately been pushed towards those mass service disciplines of personal injury or property transactions, rather than the complex problem solving or critical thinking required in a merger and acquisition case. Studies have shown that legal services are typically embedded through their clients' needs, but also through firms' constraints and legal frameworks and procedures. Firms are now reflecting on the way they manage and coordinate/utilise their resources for both business-to-business (B2B) and business-to-customer (B2C) operations and workflow.

The main challenge to any workflow is to control variation without compromising creativity. Partners and team leaders want to improve the transparency of the team in terms of 'busy-ness' such as workload, capacity and demand on resources; and minimise those non-value adding activities. In response to a firm being more transparent, there is growing demand for more sophisticated software to improve high frequency tasks, such as reading contracts and other legal documents. However, the next challenge is when articulation becomes more complex and opinion based or contentious. The potential for machines to render judgement on formulaic cases is already being adopted. However, there could be confusion such as whether the machine recognises a term such as 'Austin Healy' as a car, or as the person buying the car. Machine learning needs time to learn.

This new frontier of legal tech presents significant challenges both in scope and scale, service delivery; and partners stone- walling legal tech as they question the return on their investment. There is a continuing noise regarding the true value of lawtech and the impact on our legal services. We need to understand the underlying contribution, not just the expectations of legal tech as increasingly projected in the media. If legal tech is to be a real success, supporting the next decade of legal services, we must coordinate the smoothest form of adoption and impact on the profession. These new legal tech innovations offer a wide range of services options, such as disruptive new products, platforms, incubators, analytics. These need to be incorporated into any ser- vice offering in a cost-effective manner with minimal disruption.

The challenge often comes in numerous forms of intervention: consultancy, vendors' collaborative partnerships and academic partnerships. When change management occurs, the human factor can make the real difference in digital adoption.

Legal tech needs to service its clients and customer through a diverse portfolio of services, administrators, groups, stakeholders while not forgetting that one innovative tech- nology does not always fit all legal services.

At Manchester Metropolitan University, we are investigating the value proposition of industry 4.0 offerings and those legal tech innovations disrupting traditional legal services by co-creating our resources of computer science, business management, human resources, and psychology. Lawyers are becoming far more aware of, and knowledgeable about, the provision of legal tech across the profession. Unfortunately, it's like being in a sweetshop: lots of choices, but which one is the definitive solution that will serve most of our needs? The question is whether legal tech will change our business model and is it being designed to address these issues:

- Complex problem solving
- Critical thinking
- Creativity
- People management (internally) ● People management (external to
- the business)
- Coordinating with others
- Judgement and decision making ● Service orientation
- Negotiation
- Emotional intelligence

KNOWLEDGE TRANSFER PARTNERSHIPS (KTPS)

One mechanism available for facilitating this critical and strategic decision-making in relation to adopting legal tech is a scheme viewed as a bridge for exchanging important ideas and experiences from universities to industry. This 'technology transfer' is usually a long- term intervention for which money is avail- able. The longest serving funding pot available is a scheme that has been around 45 years (that's eight UK prime ministers since Harold Wilson). Knowledge transfer partnerships (KTP) have a long legacy, though the legal profession has not really benefited.

KTPs are collaborative partnerships with universities, enabling businesses to innovative in new ways of working, generating new products and services and exploiting new technologies. There are currently 818 KTPs running in the UK, but only seven are with law firms. However, all is not lost!

The Department for Business, Energy and Industrial Strategy (BIES) is providing £25m over the next five years for management KTPs to help drive organisations as they strive for competitive advantage. They employ new management thinking, ideal for the next generation of legal services. For someone who has been involved in KTPs for the last two decades, this is a missed opportunity for coordinating incremental change and to manage and control the value proposition of legal tech.

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