

CONFERENCE ON THE FUTURE OF LEGAL SERVICES 16/17 APRIL 2019, MIAMI USA

Topic 3 - Reality check on Legal Tech – what works and what doesn't?

Before we start let's first clarify two typical false expectations in connection with LegalTech:

1. The expectation of lawyers regarding IT systems is that IT will solve problems "at the push of a button". People are used to solve problems with mature IT systems which have been developed over years with a large amount of financial investment (for example Microsoft Windows, iOS etc.) and expect the same from all LegalTech solutions.
2. LegalTech solutions which are available and working are typically "one problem – one solution" systems (<https://www.flihtright.com>), that is to say, they provide solutions for a single problem in a multitude of cases with very low average transaction value (below €600.00). The systems cover areas previously not covered by lawyers. The systems do not carry out any evaluation but operate on simple facts - legal consequence logic.

LegalTech will not fulfil these two expectations where the potential market is small and the number of solution providers is limited.

To answer the question "What works and what doesn't?" I would like to use the methodology of Prof. Oliver R. Goodenough [Professor of Law and Director of the Center for Legal Innovation, Vermont Law School https://www.huffpost.com/entry/legal-technology-30_b_6603658]. It was first published in April 2015. Professor Goodenough identified three categories of LegalTech solutions:

1. Systems to help with office management

A lot of progress has been made in establishing E-billing systems, billing systems, controlling systems, process/workflow systems, collaboration tools and e-mail systems, etc. They support the legal sector in performing its work, but the technology used could also be operated in other sectors. It is a coincidence that these systems work in the legal sector. Most of the systems are well tested and they are performing well. We will see further improvement in the future with a broader penetration and a higher degree of standardization of these systems. For example, we should expect that an E-billing industry standard will evolve over time. The same applies for the collaboration between law firms and their clients. In the future, they will be able to work

together (collaborate) using the same IT system and therefore replacing traditional E-mail and word text exchange.

2. Automation of work

Marrying word processing with expert systems helps create contract documents assembly systems. What used to be a paper sample contract (very often used from the “last case”) can now be programmed in a more systematic way by clicking through an expert tool and providing a draft solution very close to the final product. This will save time and improve quality. These systems are not (yet) ready to manage high variety and also require substantial time to design the logic and program it. Their first market is the B-to-C market and they are already replacing traditional paper sample contracts. These programs are continuously being introduced into the market and will substitute areas which historically have not been covered by lawyers.

3. “Real” LegalTech

In 2015, Professor Goodenough described one area of radical redesign and disruptive LegalTech. Though some of this has already become reality in 2019.

a) LegalTech products

Such products are starting to penetrate the core of the legal work. At the moment, solutions like *Raven* and *Kira* support lawyers in DD work or compile facts *relating to* legal situations. They are used as aids to collect the necessary information. They substitute paralegal work and improve efficiency by automating repetitive work.

b) Artificial intelligence, machine learning, online dispute resolution

This is LegalTech coming closest to “real” legal work. However, we see only very initial developments, and development requires an enormous investment of time, knowledge and money. Progress will only be measured by years.

Summary

In the future, large law firms will absolutely depend on the support of IT beyond the “office-IT” area. Nevertheless we are far from the vision of a “legal robot” delivering automated legal results. The marketing of law firms is more advanced than reality. The technical requirements (computation power, amount of data and high frequency of work) already exist especially in the areas of M&A and Finance.

The question remains whether law firms are willing to make the necessary financial investments and maintain the staying power to make this disruptive change will become reality in the high-end segment (above 3b).