# The Future of Technology in Law Practice

Section of Labor and Employment Law
Technology Committee Midyear Meeting

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# Agenda

- Legal technology framework
- The future of legal technology
    - Production Tools
    - Extranets
    - Knowledge Management
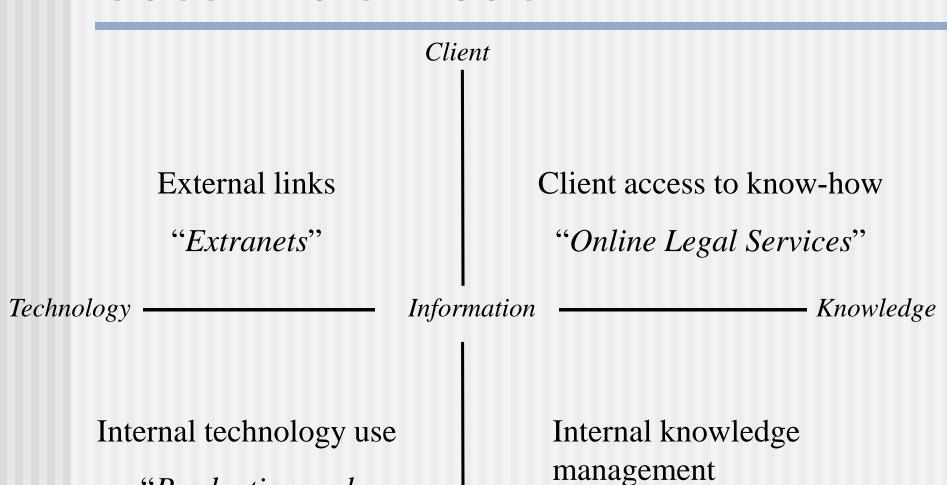    - Online Legal Services
- Conclusions

# Legal Technology Framework

- Review a framework for analyzing legal technology
  - Developed by Richard Susskind, a leading legal technology thinker
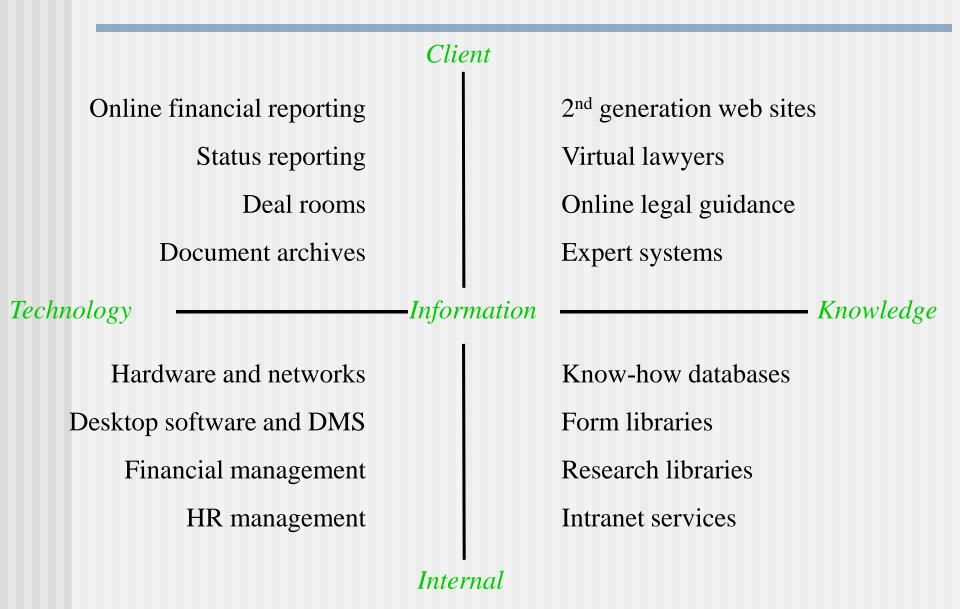  - From his book, Transforming the Law

# Susskind's Model

*Client*

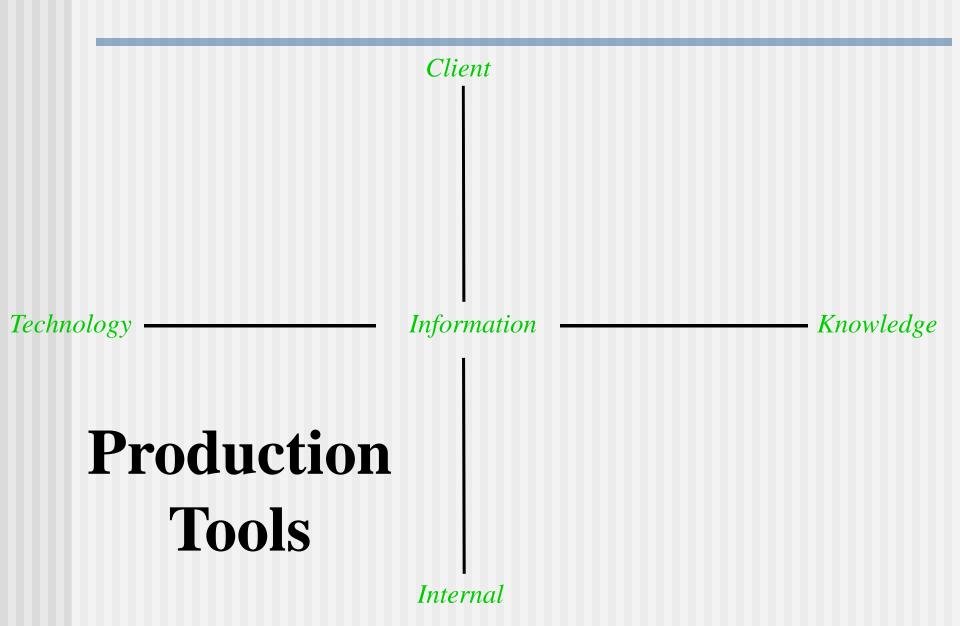External links | Client access to know-how

"*Extranets*" | "*Online Legal Services*"

*Technology* ——— *Information* ——— *Knowledge*

Internal technology use | Internal knowledge management

"*Production and Management Tools*" | "*Knowledge Management*"

*Internal*

# Examples

*Client*

Online financial reporting

Status reporting

Deal rooms

Document archives

2nd generation web sites

Virtual lawyers

Online legal guidance

Expert systems

*Technology* —————————— *Information* —————————— *Knowledge*

Hardware and networks

Desktop software and DMS

Financial management

HR management

Know-how databases

Form libraries

Research libraries

Intranet services

*Internal*

# The Future of

**Client**

**Technology** —————— **Information** —————— **Knowledge**

**Internal**

# Production Tools

# Production Tools Evolve

- Typewriters
- Carbon paper
- Telephone
- Electric typewriters
- Copiers
- Time and billing
- Fax
- Overnight delivery
- Online research
- Word processing

- PC and applications
- Networks
- E-mail
- Document mngt.
- Vertical apps
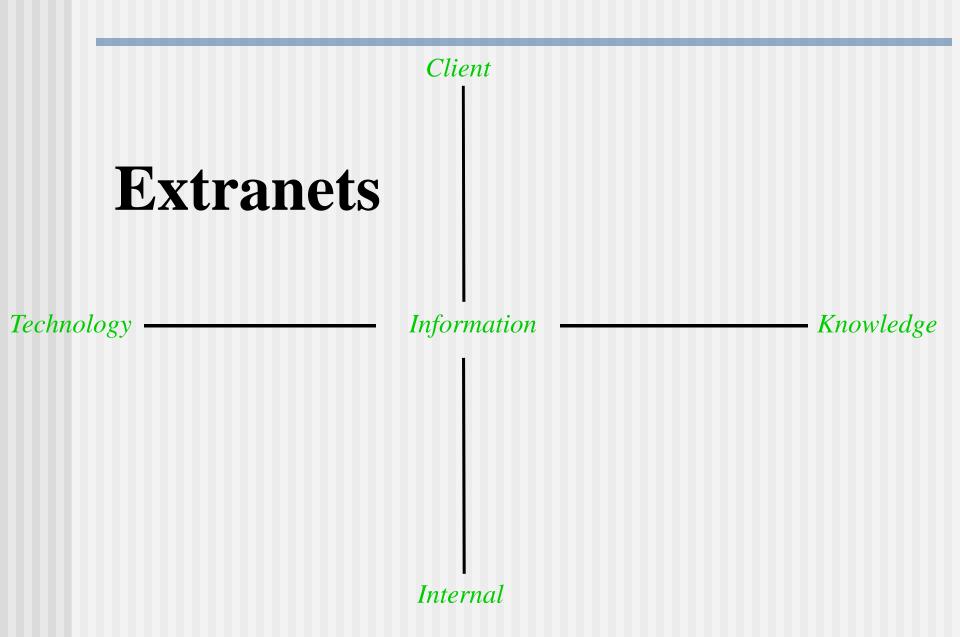- Internet & browser
- Cell phones
- ASPs
- Wireless

# Lessons Learned

- Constant change
- Leading edge today – common tomorrow
- But tools may not matter – are laggards penalized?

# Production Tools Predictions

- Wireless ubiquitous
- New display technologies
- Voice recognition

- ASPs that make sense and money
- Web services

- Video
- XML

# The Future of

**Extranets**

Technology — Information — Knowledge

Internal

# Extranets Today

- **Private web area to share information**
  - Matter- or client-specific
  - Content: documents, billing, status
- **Usage today**
  - Many firms offer
  - Some law departments use
  - Several hosted solutions (ASP)
  - Penetration and use seems low, statistics notwithstanding

# Extranet Predictions - 1

**Status monitoring systems fade**

- E-billing eventually provides better approach to monitor and analyze
- Real-time monitoring not sustainable because it is based on lack of trust

# Extranet Predictions - 2
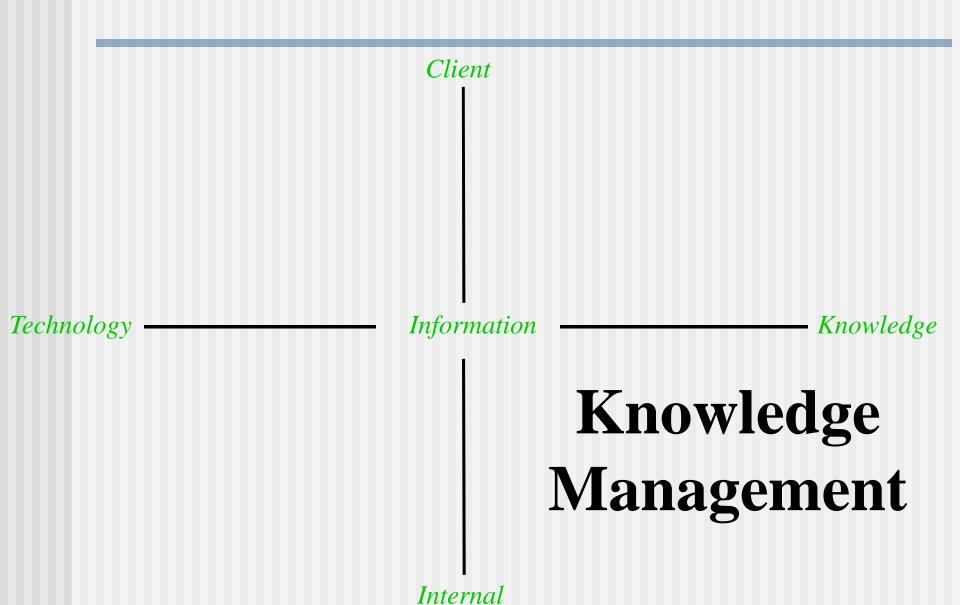
**Law firm extranets fade**
- "Hands-off" clients
  - Simple archival systems suffice
- "Hands-on" clients
  - Tend to use more than 1 firm
  - Too hard to use multiple extranets
  - Need a single, uniform system
  - Law firms will need to upload data
  - Data transfer standards develop

# Extranet Predictions - 3

**Deal specific extranets ???**

- Valuable but penetration seems low
- Hard to wean lawyers from e-mail
- Is e-mail good enough?

# The Future of

Client

Technology —————— Information —————— Knowledge

## Knowledge Management

Internal

# Knowledge Management Today

|  | *Manual* | *Automatic* |
|---|---|---|
| **Documents** | ■Cull<br>■Add meta-data<br>■Provide context | ■Categorize<br>■Full-text index<br>■Summarize |
| **Expertise** | ■Taxonomy-D/B<br>■Self-rating | Analyze<br>■E-mail<br>■Documents |
| **Contacts - Relations** | ■Collect+de-dup<br>■Update<br>■Share | ?? |

# KM Challenges

- Manual processes are expensive
  - UK and Australian firms invest
  - A few US firms do as well
- Automation of limited value so far
- Major cultural issues
  - Limited economic incentives
  - Bad habits (e.g., do a random search in DMS and look at titles)
  - E-mail is entrenched

# KM Predictions - 1

**Automation not the answer**

- Full-text and semantic systems help but do not solve problems

- Growth of non-practicing KM lawyers suggests that technology alone is not enough

- Context is at least as important as documents – humans know context

# KM Predictions - 2

**Exogenous shocks required**

- Move to fixed fees would drive efficiency measures such as KM
- Proof that KM wins new business
  - If clients
    - Assess KM impact *and*
    - Select firms on this basis
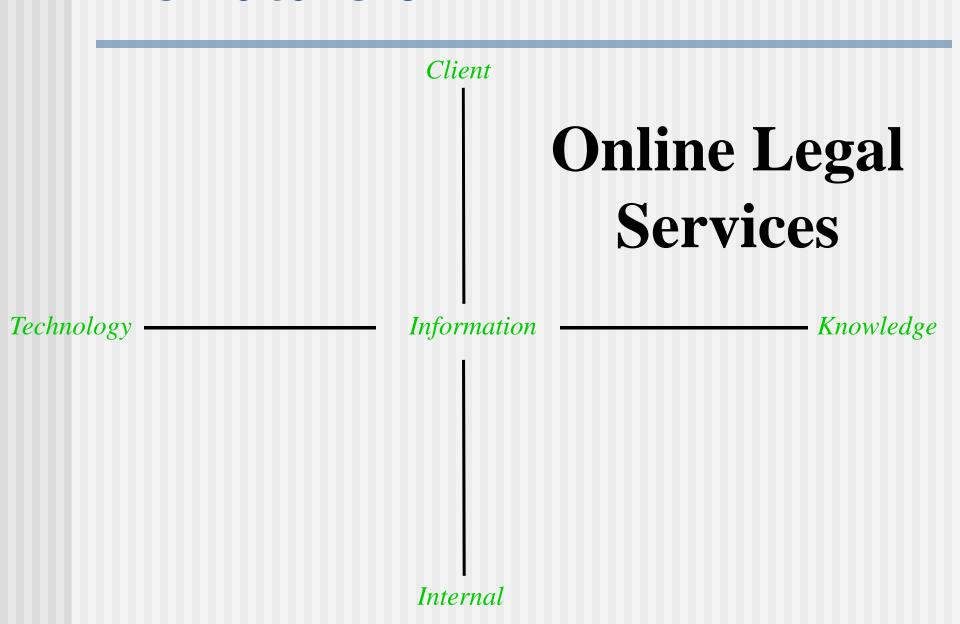  - Then firms will be motivated to do KM

# KM Predictions - 3

**"Look outside to look within"**

- Client feedback loop required
- Delivering information to clients may cause internal focus on KM

**Move toward best practices**

- Today: Documents + Expertise
- Tomorrow: Best Practices?
  - *Procedural* know-how is valuable
    - Managing a transaction
    - Handling a portfolio of litigation
    - Analyzing discovery documents
  - May be easier to gain competitive advantage with best practices

# The Future of

**Online Legal Services**

*Client*

*Technology* ──────── *Information* ──────── *Knowledge*

*Internal*

# Online Systems Defined

- Self-service systems (Q&A or form based)
  - Intelligent in-take + analysis
  - Answers, streamlined reports, e-mail alerts
  - Combines self-service with lawyer support
- Other intelligent systems
  - Diagnostic check lists
  - Smart FAQs
  - Document assembly
  - Workflow systems
- Embedded law systems
  - Compliance, contract management, preventive law, training

# Examples of Online Services

- Linklaters Blue Flag
- Clifford Chance Next Law
- Blake Dawson Virtual Lawyers
- Davis Polk Global Collateral Advisor
- Bryan Cave eCave

- For more examples:
  - See [www.kminthelaw.com](http://www.kminthelaw.com)

# Supporting Technologies

- Expert systems
- Neural networks
- Case-base reasoning
- Document assembly
- Advanced full-text retrieval
  - Search
  - Auto-categorization and taxonomy
- Custom coding

# The Case for Online Services

- Content systems impose burdens
  - Identify and vet source
  - Search for documents
  - Identify potentially useful hits
  - Read documents
  - Apply information in documents to facts
- Answers are better than information

# Online Service Issues

- Business model
- Target market
- Production considerations
- Ethical issues

# Business Models

- Direct fees
  - Subscriptions
  - Customization or maintenance
- Indirect fees (client development)
  - Generate traditional matters (e-mail alerts identify new matters)
  - New product = access to prospects
  - Enhance existing relationships

# Assessing the Opportunity

- Compare to other opportunities
    - Fee generating
    - Client development
- Compare fixed costs
    - Hiring lateral lawyers
    - Opening a new office

# Target Market

- **Consumers**
  - More ethical issues?
  - More experience, less success?
- **Business**
  - Extend reach of in-house counsel; tap the "latent legal market"
  - But not clear why potential demand has not translated into actual demand

# Possible Topics

- "Horizontal"
  - Web site audit/diagnosis for legal issues
  - Privacy
  - Employment law
  - Trade practices
  - Compliance (e.g., financial or environmental)
- "Vertical"
  - Outsourcing
  - M&A due diligence

# Production Issues

- Lawyer time
  - Credit in a billable hours world
  - Who gets credit for new business?
- Training and staffing
  - Software
  - Knowledge engineering – lawyers?
- Maintaining systems
  - Content
  - Software and infrastructure

# Ethical Considerations

- Unauthorized practice of law
- Malpractice
- Attorney-client privilege
- Confidential information
- Others??

# Conclusions

- The minimum required technology is a bar that rises over time
- Beyond the basics, cultural and economic issues dominate
- Lawyers should be guided by
  - Competition
  - Their own needs
  - Gaining competitive advantage