

Legal Innovators 3.0: how legaltech's gradual adoption is changing the legal profession

The third edition of the Legal Innovator's conference brought together speakers and panelists from the entire legal-tech ecosystem. Standardisation, adoption, client stickiness and work-life balance all came under the spotlight. But are lawyers ready to change?

'You are all living proof of innovation in the legaltech sector' proffered Richard Tromans as he kicked off *Legal innovators 3.0* on 10th December. Innovators, he confirmed, for surviving the tube strike and still making it on time. This breezy tone was matched by many of the speakers, all aiming to arm us with product overviews and deep dives into what was happening in a sector which itself is no joke – indeed, 'lawtech', as it's also called, is rapidly cementing itself as a leading arm of the UK tech scene. TechNation has followed up its success with the Fintech Sandbox, with *an equivalent Lawtech one*, claiming the sector outpaces climate tech, fintech, and health tech.

Legal Innovators 3.0

For a tech conference, there was surprisingly scant talk of tech. The terms 'AI' and 'machine learning' were treated with begrudging acceptance. The odd

company overview such as Disco offered insights into the technical side AI document discovery in disclosure, for example, but most panels and presentations focused on four recurring legal-tech themes: its ability to aid work life balance, build client relationships, ease pain points and increase effectiveness.

Other issues such as the difficulty of choosing and adopting legal-tech, standardisation and interoperability, and the unsatisfactory position of legal-tech innovators within private practise and in-house teams, were also all poured over. There was undoubtedly an undercurrent of frustration for what Lucy Shurwood from Pinsent Masons dubbed the 'inherent conservatism' of lawyers and the legal profession.

These commercial themes reflect the reality of legal tech: much of it is not glamorous. This isn't a sector replete with deep-tech, but a highly practical ecosystem of people offering novel solutions to age old problems. Over a quick lunch Joost Meijer of Stibbe (one of Amsterdam's largest law firms) tells me he's most interested in sorting out his firm's knowledge management system and leveraging in-house precedents to save time – this is hardly headline-grabbing stuff, but there's a buoyant market for it.

Richard Tromans, Artificial Lawyer founder, chaired the event. Following the conference's conclusion, he shared a useful graphic (pictured below) on Artificial Lawyer depicting an overview of all the stakeholders that make up legal innovation. The central players are predictably law firms and legal tech companies, but it also includes other increasingly relevant groups such as Alternative Legal Service Providers (ALSPs), investors, in-house teams and institutions (e.g. the Courts). All stakeholders had representatives at the two-day conference, with day one focusing on private practise and day two on in-house matters.

Work Life Balance

The subject of poor work-life balance is central to any transformation discourse on the legal professional, particularly after the pandemic blurred any remaining distance between work and home – precipitating an 'always on' culture. The first panel of day one tackled this head on: asking whether legal-tech was the answer to a better work-life balance. The Magic Circle had strong representation on the panel from the innovation teams at Slaughter and May and Clifford Chance, and there was also founder of legal-tech firm Ruby Datum, Nick Watson, among others. The proposition is simple: by automating and streamlining much of the administrative, repetitive work trainees and associates have to do – the late nights stop.

There are two roadblocks to this, however. The first is the ‘cannibalisation conundrum’. Law firms operate on an hourly rate model, rather than an impact-based or output scale. This means there is arguably little incentive to reduce the hours worked for clients (even if it does improve work-life balance) as this will cannibalise revenue. This is a short-sighted approach: by streamlining work, you can reduce the bill for clients and take on a greater variety of matters by working the same number of hours.

The second roadblock is connected: by freeing up that hour or two of the day by means of innovation, you simply enable lawyers to do more work. If there’s a bonus incentive with their billable hours target, for example, they will welcome the chance to be more efficient, but will continue to work late.

April Brosseau from Clifford Chance neatly summed up what the effect of widespread legal-tech adoption would have on private practice: “lawyers will be more effective, not more productive”. It is a fallacy to suggest that by arming them with tools they will finish work earlier. But the work they do will be more strategic, and therefore better value for the client. If the hourly rate model stays and demand is strong, poor work-life balance will remain.

A couple of representatives from private practice were involved in the law firm incubator, a significant development for major firms. Most notably these are Slaughter and May’s Collaborate (which they prefer not to call an incubator), Allen & Overy’s Fuse and Mischon de Reya’s MDR Lab. These legal-focused incubators provide a home, network and mentoring to promising startups, and are often adopted or rewarded with a pilot. Talking to Billie Moore, Knowledge and Innovation Manager at Slaughter and May, she tells me how following a successful pilot last year, the firm incorporated StructureFlow’s visualisation and collaboration tool as part of its legal tech toolkit.

Client Stickiness

Another strong panel ‘Building Tools for Clients’ honed in on the much-discussed potential of legal-tech to free up time spent on administrative work. There are five broad categories of products or tools which law firms build: subscription models, mobile apps, aggregated non-proprietary tech (i.e. TLT’s concierge service), bespoke standalone product (i.e. Linklater’s CreateIQ) and a consolidated platform play (i.e. Lupl – the CMS + Cooley-backed platform).

Going beyond the value proposition for the individual lawyers, the panel made clear the benefit building these products have for strengthening client relationships – regardless of concrete outcomes. Richard West, Global Head of Client Innovation at the international law firm Kennedys, pointed out simply that ‘by spending time ideating with clients ...you’re ideating with clients’. Each member of the panel pointed out it’s a new form of business development with

huge potential to increase client stickiness.

Trouble shooting and identifying client pain points was also front and centre of Nick Watson's mind. Ruby Datum is best known for its virtual data rooms and over a chat by their booth, Nick tells me being a good legal service provider is all about driving personal conversations with clients to develop their playbook, and really understand risk and their commercial drivers. Nick said his aspirations for the widespread proliferation of legal-tech was that it would allow lawyers to become people: let the tech do the robotic work, and the people talk to clients.

ESG and standardisation

It was great to hear from about the open source, not for profit initiative #oneNDA from Roisin Noonan, COO of TLB, at their booth. Roisin co-founded oneNDA with TLB founder Electra Japonas, crowd-sourcing the funds to create a standardised NDA template, with the express aim of saving 'enormous amounts of time, money and effort'. A huge success, it has meant no more battle of the forms and negotiating terms that are not market standard, meaning businesses using it can get to the commercial deal quicker. The project inadvertently highlighted how few legal-tech initiatives there were committed to creating ESG value, which feels like a missed opportunity.

Beyond oneNDA, standardisation is a hot topic more generally. It's a subject which lays bare the contrasting mindsets of legal-tech operators and lawyers. Shruti Ajitsaria, head of Fuse at Allen & Overy, pointed out that 'as a lawyer your value is to put words together better than anyone else', meaning it's difficult to swallow your pride and opt for widespread time-saving and commercial standardisation. Very rarely, it was acknowledged, did a particular lawyer's wording carry any value-add – as demonstrated by clause libraries (banks of differently worded clauses which convey the same legal meaning).

Finally, I'll finish with a statistic which repeatedly popped up: 77% of legal tech implementations fail post adoption. Legal-tech's biggest hurdle isn't a lack of innovation, talent or funding: issues which plague other tech sectors. It's the internal conflict between often conservative lawyers and the innovators trying to reform the industry.