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Outside Law Firm Panel Convergence Innovation Driver or Innovation Destroyer?

By Dennis Kennedy

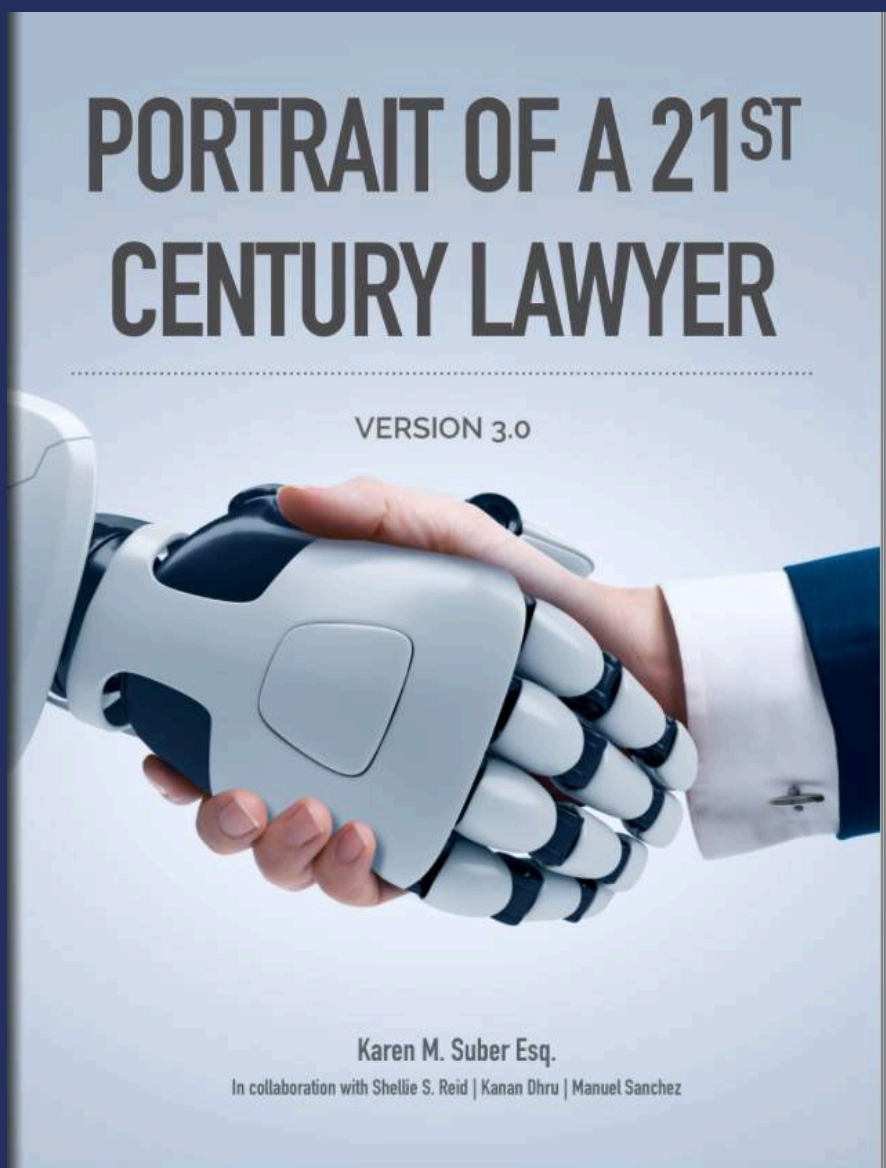
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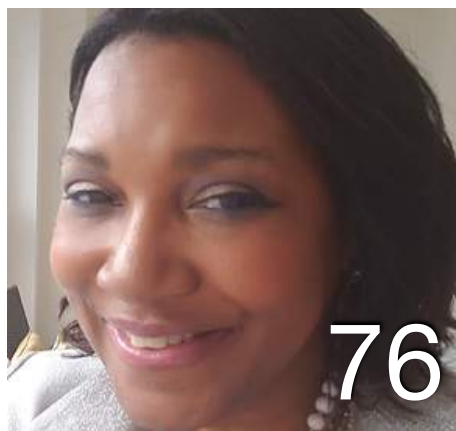
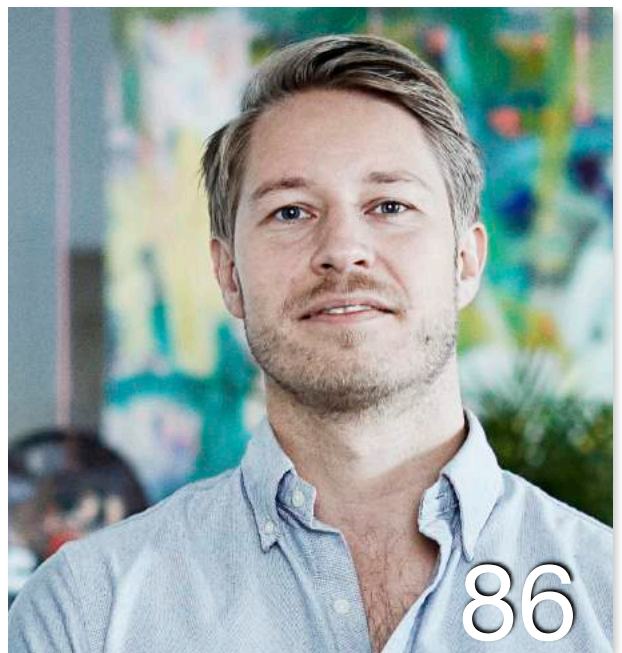
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A close-up portrait of a middle-aged man with short, light brown hair, wearing black-rimmed glasses and a light blue collared shirt. He is smiling slightly and looking directly at the camera. The background is a plain, light color.

Outside Law Firm Panel Convergence Innovation Driver or Innovation Destroyer?

By Dennis Kennedy, Consultant and Adjunct Professor of Law

Stories abound these days about general counsels wanting their outside law firms to help them with innovation and technology efforts. My own conversations indicate that the real wish goes a step further. General counsel want their outside firms to bring them measurable value with innovation and technology initiatives that align with their legal and, more importantly, business goals. Even a quick scan of [recent survey results from Thompson Hine](#) will have you agreeing with their assessment that there is an “Innovation Gap.” Only 29% of participants said that their outside firms have brought them “significant” innovation.

Is it possible that an increasingly common practice in corporate law departments is a solution to achieving these innovation and technology goals?

Panel convergence (or, as I sometimes call it, panel consolidation) is now a popular approach in corporate law departments under pressure from CEOs and CFOs to gain control of legal spend.

In some cases, making legal spend predictable and more certain can be more important than cost reduction, although fee discounting is commonly associated with panel convergence. The concept is a simple. A legal department puts out a request for proposals (“RFP”) for firms to pitch for a place on what will be a small and select list of approved outside law firms on the panel. Firms complete what tends to be a very long and complex questionnaire, firms are selected to present in person as part of a “beauty contest,” and finalists are selected.

Only the firms on the new panel list are eligible to receive work from the law department. Not making the panel will have drastic consequences for outside law firms. In most, if not all, cases, the convergence results in a dramatic reduction in the number of outside firms used by the law department.

I like to trace the notion of convergence back to quality pioneer W. Edwards Deming, who believed that by reducing the number of outside suppliers (he went so far as to suggest getting it down to one) and working with them to get aligned on business goals, you could achieve excellent business results. In the legal profession, [the Dupont Legal Model](#) and [Jeff Carr’s ACES model](#) are examples of this approach.

Some of the overarching goals of a panel convergence effort are:

- “Rationalizing” and “right-sourcing” legal service providers (reducing number of firms and directing lawyers to the law firms (or, increasingly, alternative legal services

- providers) best suited for types of work)
- Reducing or controlling costs, including discounts, flat fees, staffing changes, and alternative billing arrangements.
- Creating long-term relationships with outside firms so they can understand the business and its goals and strategies.
- Aligning outside firms with legal and business goals, objectives, strategies, and risk tolerance.
- Maintaining consistent legal approaches
- Incentivizing outside firms to bring new ideas, innovation, and value to the client
- Addressing diversity and inclusion objectives.
- Generating measurable value.

You can probably think of other goals as well.

The results of these efforts are mixed. Reducing the number of outside firms and achieving some kind of price discounting or cost control are probably the most common “wins.” However, my friends in the legal pricing world often say that the discounts tend to be smallish and law firms increase hourly rates to adjust for the discounting. Convergence efforts are difficult, time-consuming, and can raise all kinds of difficult issues, especially when long-standing outside firm relationships are put in jeopardy. The work on the finalization of the panel can be so difficult that the ongoing follow-up work of pursuing all the benefits of convergence is neglected. I talked to an in-house counsel who said that her law department hadn’t updated the firms on the approved panel in fifteen years.

Other common benefits that seem to take effect are enforcement of entering into specific engagement letters, staffing directives, timing

outside counsel management systems. However, the goals of business alignment, value generation, and innovation often get lost in the process, even though many outside panel RFPs specifically address these issues. Just like firms often answer that they do literally every type of legal work, law departments often let firms get away with saying that they are “great on innovation too.”

In this article, I want to look at how panel convergence can, perhaps paradoxically, act as an innovation destroyer if not properly tended, how panel convergence should, if you follow good, often common sense practices, act as an innovation driver, and suggest some practical action steps for you to consider.

Innovation Destroyer?

An observation, perhaps controversial. Panel convergence efforts do not achieve as much as they could because corporate legal departments do not appreciate the power that they have in what is now a buyers’ market. In simplest terms, outside firms under competitive pressure to stay on a panel or gain access to a panel are more willing to negotiate than you might expect. It is a huge benefit for a firm to get on a panel. If a firm is not on a panel, it is often extraordinarily difficult to get the firm added at a later point. If #BigLaw firms will not move enough for corporate law departments, many perfectly capable mid-market regional firms will do so. This buyers’ market observation applies especially to innovation.

There are three points where panel convergence efforts can damage or destroy innovation goals:

1. RFP creation and solicitation of proposals;
2. RFP and innovation pitch evaluation; and

3. Maintenance and review of convergence effort.

RFPs

In too many cases, panel convergence RFPs for outside firms run into the hundreds of pages. Even the section on innovation or technology can be lengthy, not on point, and cobbled together from multiple sources. In the worst case, a law department might abdicate responsibility for the RFP language to the procurement or sourcing department. I’m not sure that in-house counsel needs to know much more at the RFP response stage than (1) what are examples of what a firm actually has done and are currently working on, (2) what would the firm plan to do specifically for the law department, (3) what people and infrastructure does the firm have for delivering innovation projects, and (4) what data demonstrates the firm’s level of commitment to innovation? If I have answers to those questions, I can probably make a decision about whether a firm passes the initial screen.

When you have lots of detailed RFP questions, you drastically reduce the chance that evaluators, especially lawyers, will read all of them. It’s a simple case of mathematics, especially when lawyers are “voluntold” that they are on the panel convergence project. You also increase the chance that the questions will be too vague, confusing, and even inapplicable. In other words, they might make things cloudier rather than clearer than a simple and direct approach. If you don’t feel comfortable with your RFP questions on innovation or whether they are working for you, you might want to get an outside second opinion. Similarly, a firm competing for a panel spot might consider the innovative approach of providing the answers to the four questions in the preceding

paragraph as an executive summary or infographic.

A second factor in the RFP process is sending the RFP to the right firms and obtaining a large enough sample, especially when the lawyers involved in the process will be advocating for few proposals to evaluate. If innovation is a goal, you could do much worse than starting with the firms on [Dan Linna's Law Firm Innovation Index](#). Look to firms presenting at innovation conferences, firms who have [Chief Innovation Officers](#), or other indicators of commitment to legal innovation.

RFP and Pitch Evaluations

I see RFP evaluation as a screening process to determine who gets to make a pitch, much like resume evaluation determines who gets an interview. The actual pitch is what gives you the information you need to make a decision.

The process can go very wrong in both places.

The biggest danger at both points is simply taking outside firms at their word. I have no doubt that every single law firm will tell you not only that they are great at innovation, but their future plans on innovation are amazing. Your task is to cut through the fog and obtain data and evidence that you can evaluate and use to make good decisions, or, at the very least, "good enough for now" decisions.

Another danger is trying to make a final decision on the basis of the response to the RFP. RFP responses should only be used to screen for firms you want to make a pitch, which means, firms you want to hear more details from. That is the job you are doing at the RFP evaluation stage.

In RFP evaluations, you might want to get an outside opinion to help you make the screen on innovation. The odds of any evaluator reading the innovation section in each of 50 several-hundred-page RFP responses are not good. That's not a criticism – it's a recognition of reality.

If innovation is a goal of your panel convergence effort, you will want not just examples, but you will want to meet the innovation team. It is reasonable and prudent to request that the firm's Chief Innovation Officer or head of innovation take 10 – 15 minutes of a pitch presentation. Again, depending on your comfort level, this might be a place where you want to get an outside second opinion. You will ultimately make the final decision, but sometimes it's good to have someone interpret and validate what you are hearing.

And, lest you forget, you will only get the innovation and technology proposals you ask for.

Follow-up and Maintenance.

The panel is announced with great fanfare. Committee members are congratulated and get awards and bonuses – maybe. Victory is declared and the convergence team disbands.

Wrong. This is when the real work to make the effort a success begins.

There are many best practices you can find: single points of contact, initial meeting of panel firms, annual summits, introduction of outside counsel management systems, standardizing, and streamlining processes, engagement letters, discounts or flat fee implementation, and the like.

What about in the area of innovation?

Not so much, at this point. And that's why the panel convergence approach can damage or destroy innovation. It's the follow-up and maintenance that matter.

Let me use a bit of a gardening analogy to describe my approach to implementing successful convergence efforts. First, we need the gardeners – people who are responsible on an ongoing basis for the work and the results. We need to prepare the soil to give the project the best start and continuing growth. We need to plant enough seeds – more than we think - to improve the chances of harvest. Watering and nourishing, of course. Eliminating weeds and pests. Pruning to focus and enhance our results. Knowing what to harvest and what to throw away. And preparing for the next season. You get the idea. I'm confident that you don't need me to explain the metaphors.

It's hard work that requires constant attention. It's easy to see how these programs can actually destroy innovation.

Too often, the innovation piece of convergence is vague or afterthought. Innovation can get orphaned, with no person or group tasked with supervising the efforts. Once firms are locked into panels, an "incumbency inertia" can take hold, especially if there is an attitude of being "too busy" with "real legal work." By the way, it's vital to screen that attitude out in the selection process if you can. If there is a standard, it becomes what the other panel firms are doing, which can be a reverse incentive. It's easy for all kinds of incentives to get reversed and misaligned. As time goes on, di-

versity of ideas and innovation are decreased, because there is a limited universe of firms.

No one would be surprised to find that innovation efforts drop off the cliff after the first year the panel is selected. Concrete and specific plans, follow-up, and roadmaps must be put into place or you will see "drift." Far too often, no evaluations, measures, metrics, key performance indicators, goals, or objectives are put into place. There might even be confusion at the basic level of what the firm charges for innovation work or whether it should be charged for at all. Are there systems for tracking efforts and results or giving feedback? Should you be using a formal counsel evaluation tool like [Qualmet](#)? Is there even an intake or workflow tool for innovation projects? Annual meetings with demos and showcases should be required.

There are two final big problems I want to mention. And they are very big.

The first happens when a law department doesn't ask for the innovation efforts or tech recommendations to be made, even if they were part of the winning pitch. The flip of that, of course, is that the firm doesn't pursue these efforts or take the initiative. And we are back to the gardener analogy and a single point of contact approach.

Second, and most important, there are no consequences for failure to provide the innovation work. Think back, for a moment, to the earlier story about a firm that had not changed a panel in fifteen years. What possible incentive could there be for those panel firms to change or take initiatives?

In my legal career, the biggest surprise has been the unwillingness for corporate clients to fire outside firms that are not producing as promised. In this area, I'd be tempted to give the outside firms, as a first innovation project, designing a project workflow system with metrics, standards, and agreed-upon consequences built into it. And then I would challenge you to hold them to it.

Simply put, if you cannot weed out firms that aren't delivering, you really don't have much of a chance of overall success. Your panel convergence process will become a place where innovation goes to die. It's a buyers' market out there and there are alternatives, including alternative legal service providers.

Innovation Driver.

Here's my radical, but probably not surprising, proposition: properly done, panel convergence can drive your innovation efforts forward, align business goals, enhance collaboration, and achieve innovation wins and meaningful "return on innovation" with measurable value.

There's a technique in design thinking referred to as "reversal" or "inversion." What happens if we flip over our assumptions, change the end user, look through the opposite end of the telescope, and, well, you get the idea.

In simplest terms, if you reverse any of the points in the previous section, you start to move down the path to drive innovation efforts forward. Try it out as a thought experiment. I'll still be here when you get back.

Oh, wait. I do have an even more radical idea. Outside firms should consider providing inno-

vation services for free and part of their offering to be on the panel.

Here are twelve ways that you might consider using your panel convergence project to drive innovation from your panel firms.

1. Use the panel to make it easy for outside firms learning the company's business, business goals, and how the law department fits into the business. Encourage them to get an understanding of key problems, constraints, budgets, and objectives. The best innovation will be customer-centered innovation. Everything starts here. How will you make that happen?
2. Make outside counsel put some skin in the game. Jeff Carr's ACES approach of putting part of agreed-upon fees at risk if business results and value are not achieved is one example, but how might you incentivize the behaviors you want? It might be as simple as putting firms into red, yellow, or green status on innovation, with penalties for lack of effort or staying in the red or yellow category.
3. General counsel want to move to new technologies, but typically don't have the resources to investigate and make those decisions. Sharing how outside firms made their own technology decisions, their experiences, and their recommendations. There are benefits to having firms and clients on the same platforms, especially on collaboration tools. This "want" is often expressed on the in-house side, but rarely acted on by outside counsel.

4. Start with staffing and workflow innovations, with an eye on cost savings, efficiencies, and “right sourcing” (getting the work into the hands of the right person at the right skill level and price). Legal departments are concerned about paying huge hourly rates for “commodity” work. Would using a litigation support project platform like ClariLegal [<https://www.clarilegal.com>] generate cost savings and free up lawyer time?
5. Tracking and monitoring projects should be another priority. Helping address those problem areas will achieve real-world benefits and open doors to future innovation projects. Build on small, measurable successes.
6. Prune the panel list. You cannot freeze the panel for fifteen years. There should be an easy process for adding and dropping panel firms to reflect goals (e.g. diversity), movement (e.g., key lawyer or group moves to new firm), change (law firm mergers), business strategy (move into new markets or product lines), and the like. It is not a great place for an in-house counsel to be when they have to use old-line panel firms to handle blockchain or other new technology issues. A regular in-depth review should also be scheduled with promises tracked and consequences exacted. There is a huge benefit to firms to stay on a panel list and many firms, especially mid-market firms, would be happy to make better offers.
7. Measurement and metrics. Innovation is not some airy, vague set of new ideas. Innovation should produce practical results.

With a panel, you can collaborate with firms to agree on appropriate metrics and how to track them.

8. Shared goals and objectives. Aligning the law department’s goals and objectives to innovation efforts is a powerful to set direction and strategy. If the law department knows the business problems its business owners want to solve, and the outside law firms are aligned to solving those problems, the results can be very good for everyone. Innovation should be focused like a laser on the client’s problems. Innovation is fundamentally a client-centered exercise. If the word “value” is not at the top of your discussion list with outside firms, you should be asking yourself why it isn’t.
9. Connect the people. I like the idea of having “single points of contact” for innovation efforts, with each firm. Consider at least monthly calls, quarterly design thinking or brainstorming events, and annual “summits” where all of the innovation contacts meet and share ideas and goals.
10. Thoughtfully implement standard innovation practices that fit your culture. Proof of concept and other experiments. Design sprints and minimum viable product approaches. A portfolio of approaches. Collecting stories to share. Identifying the right talent. Building on successes. In certain cases, does a firm or law department want to start its own innovation lab or outsource the use of an innovation lab or design group? What outside help do you need and what work should stay as part of your core competence?

11. As part of the effort, put into place a system of communication, collaboration, and incentives. What happens if we turn a great idea into a product? How do we make this organic and self-sustaining? How do we measure early-stage benefits?
12. Focus on the “Why?” first. A common principle in innovation is answer the “Why?” first, then move to “What?” and, only then move to the “How?” I don’t mention technology much in this article, because it will be part of the “how.” Your focus should be on first things first.

Isn’t all of this way more exciting than getting a 15% discount on standard hourly rates?

Practical action steps

I want to end with a bunch of practical action steps. Here are some for you to consider:

- Make a firm decision that you want to use panel convergence to drive innovation in legal services. Start with the “Why?” If you get that question answered, your path becomes so much easier to see.
- Review your panel convergence RFP, especially on innovation and technology, and simplify, simplify, simplify. What do you want to know that matters? Ask only that.
- Require an outside firm’s Chief Innovation Officer or innovation team to present as part of the pitch presentation. That is who you will be working with on actual projects.
- Develop a framework and approach to evaluating RFP responses and pitches. Get data and evidence.
- Request (or volunteer) to participate in design sprints, innovation labs, or productization efforts with panel firms. Offer your

problems and issues as experiments for the firm to work on. There’s no harm in asking if participation comes with no charge.

Firms need plenty of client feedback on their own efforts.

- Find ways to get outside firms to put skin in the game. Be creative and see what else is happening in the industry, and in other professions.
- Measure activity and create a simple set of metrics and key performance indicators to track. Then act upon them and track your results.
- Be constantly on the lookout for internal resources who would be happy to participate in innovation efforts. Results will be mixed, at best, if you assign unwilling lawyers to participate.
- See innovation as a process of experimentation – some things will work and some will not – and learning.
- When in doubt, give people logoed T-shirts. We are all humans, after all.

For outside firms, or those who want to be on panels, use the reversal or inversion method on the practical action steps above and you’ll see your own list.

Conclusion

I’ve become intrigued how an often clunky existing process with mixed results – panel convergence – can, if properly handled, be turned into an engine to drive innovation. Having vision is important, as is being willing to make hard decisions and do experiments. Panel incumbency should not mean entitlement and tenure. There are many firms, with mid-market firms being especially interesting because of motivation and nimbleness, who are able and willing to step up on innovation efforts to

provide measurable value for key clients. Lack of action has consequences. The legal market says that it is ready to innovate. Let's see firms and law departments prove it.

About the Author

Dennis Kennedy (www.denniskennedy.com) advises, speaks and writes on legal technology and innovation matters. He recently retired as Senior Counsel for Mastercard's Digital Payments and Labs group. He is an adjunct professor in Michigan State University's Legal-RnD program and co-hosts The Kennedy-Mighell Report podcast on the Legal Talk Network.

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Technological Disruption or Next Industrial Revolution?

By Martina Ludvigova, Head of Innovation and Strategic Engagement at The Law Society of New South Wales

Blockchain, quantum computing, artificial intelligence (AI), augmented analytics and immersive technologies are driving disruption and new business models. [1] AI-driven robots are just one example of “autonomous things,” which use AI to perform tasks traditionally done by humans, others include: vehicles, drones, appliances and service agents [2].

AI, automation and blockchain are already being used to undertake legal tasks and more digital disruption is around the corner, as the use of technology in law becomes mainstream worldwide. Until recently, legal technology and technology services have been a localised response to local legal issues, but the 2018 Global Legal Hackathon, with more than 600 teams in 40 cities from 22 countries, has shown the same types of legal issues arise in all jurisdictions and can benefit from technology solutions.

2018 saw a massive global growth in investment in digital tools and services, with an increase of 713% in 2018 on 2017 investment. \$USD1,663 billion was invested globally in legal tech in 2018 compared with USD 213 million in 2017. [3] The leading tools and technology services in 2018 are:

- [DocuSign](#) - providing e-signature technologies and electronic agreements, 188 countries 100 million+ users. 2018 IPO \$USD 629 million.
- [LegalZoom](#) - online legal documentation creation, four million users worth an estimated \$USD 2 billion).
- [Exterro](#) - e-Discovery software with impressive client list.
- [Atrium](#) - aims to become "the largest multi-practice firm in the USA " through increased efficiencies delivered by new technologies". \$USD 65 million investment in 2018.
- [Kira Systems](#) - AI-Enabled Contract Review Software, substantial 2018 revenue increases resulted in USD50 million investment. [4]

Despite a population of just over 25 million, [5] Australia is a leader in the global legal tech expansion, in terms of sophistication and size, with more than 90 legal technology firms in 2019 providing new lawyers with new products and new ways of working. [6]

Intermediary to Change for 35,000 Legal Professionals

While digital disruption can present challenges for legal service providers and their clients, it can also present opportunities. Member associations have a focal role in mediating technology-related change through re-

lationships with their profession, the public and government. [7]

For more than 125 years, The Law Society of New South Wales has been the voice of the State's legal profession - guiding, supporting and educating over 35,000 legal professionals. While our strength and influence has been shaped by the past, we are constantly looking ahead to support the legal profession as they embrace innovation.

Perceiving the need to prepare the profession, in 2016 the Law Society commissioned the Inquiry into the Future of Law and Innovation in the Profession (FLIP), looking into the rapid transformation taking place in and around the profession. The Inquiry culminated in the Law Society of NSW's ground-breaking FLIP Report, which draws on testimonies of the 120 expert witnesses who gave evidence at the Inquiry.

Key findings include:

- Consumers of legal services are confidently seeking value and client focused service from their legal service providers. Clients and competition are forcing legal providers to change and optimise legal service delivery. As a result, a range of innovative legal and non-legal service providers are emerging to service the legal market. A range of new skills and knowledge is necessary to remain competitive.
- Increased adoption of legal technology enables re-engineered work processes, new pricing models, new areas of work and new ways of working. Clients are expecting lawyers to be competent users of technology.

- In-house practices are driving change, internally and externally seeking greater value from external firms through improved processes and reduced legal spend leveraged through legal technology. Inhouse teams are streamlining their own work processes, delivering their own client-centred service with the assistance of legal technology.
- AI raises regulatory and ethical issues that require investigation and guidance.

Humans & Machines Better Together

Continual change may threaten the ability of professions and their associations to hold onto their ‘traditional’ roles and values. [8]

This common notion of lawyers being replaced by machines, is often associated with AI. [9] Professor Richard Susskind notoriously believes that the profession will inevitably change, whether by force of circumstance or voluntarily, predicting “the end of lawyers”. AI programs led by 14 countries and international organisations with total spend of AU\$ 86 billion have been announced. [10]

While some parts of a legal professional’s role may be susceptible to automation, it is quite difficult if not impossible to automate a lawyer’s entire workflow and skillset. Susskind’s view is not universally shared, it more commonly accepted that AI will automate routine work leaving lawyers to concentrate on higher value strategic tasks. One need only to look at how new business models and new AI tools in areas such as document drafting and review, legal research, contract review and management, investigations, due diligence, e-discovery and billing, analytics and prediction as well as technology assisted re-

view are already enabling more efficiencies in lawyers’ work.

Significantly, the quality of datasets used in machine learning determines the value of the outcome, in addition to the time spent “training” the algorithm and the degree of expertise and insight delivered by the human trainer.

New technologies will create new legal issues and novel questions, which lawyers will be involved in helping to address.

Delivering the keynote address at the Law Society of NSW’s 2018 FLIP Conference, Professor Daniel Martin Katz, legal futurist of the Chicago Kent School of Law declared that the proposition of “Humans AND Machines” is preferable to the proposition of “Humans OR Machines”. “We do not have to choose between one or other, they work well together,” he said.

At the same conference, Chrissie Lightfoot, 2019 UK Game changer of The Year (Legal Tech) and 2019 International Legal Coach of The Year, , also proposed that “emotionally intelligent humans and artificially machines” are “better together”.

While legal roles will undoubtedly change, AI and other technologies will be able to assist lawyers to offer a more holistic legal service and be a force for social good. So just as technology has made many dangerous occupations safer – technology can automate the less intellectually stimulating or fulfilling functions in legal practice, reduce the cost of legal services and increase access to justice for those we serve.

FLIP Stream of Research

This sentiment was also supported by new research on AI and the Legal Profession flowing from the Flip Stream, the Law Society of NSW's five-year collaboration with the University of NSW.

Launched in 2018, the FLIP Stream Research Project has been specifically created to generate a stream of research to consider and respond to the issues raised by the FLIP report, particularly technological change and its impact on lawyers, law and the legal system.

This strategic alliance, forged between a world-class university, UNSW, and the Law Society, is a milestone of progress for both institutions and for the entire legal profession.

Each year the FLIP Stream's dedicated team, led by UNSW Law Professor Michael Legg, undertakes research into an annual topic, which is then disseminated through the academy, the profession and society. This research will create the blueprint for the 21st century practitioner's engagement with the 21st century profession.

In 2018, Professor Legg and FLIP stream research fellow, Dr Felicity Bell looked at "Artificial Intelligence and the Legal Profession". This year's FLIP Stream Research topic "Change Management", led by Dr Justine Rogers, will be presented at the July 2019 FLIP Conference and Innovation Dinner.

Role of Professional Associations During Periods of Disruption

During times of technological disruption, Associations can communicate information about new technologies to members in a way

that is 'more comprehensive and impartial' than direct information from technology suppliers. [11]

Numerous Flip Report recommendations, addressed the need for the Law Society of NSW to provide guidance to members on legal technology and innovation by:

- Facilitating information sharing in legal technology, work process improvement, client-focussed service and emerging technology across all sectors of the profession
- Providing guidance for solicitors as to the legal technology market
- Raising awareness of justice-related innovation including online dispute resolution
- Increase solicitors' capabilities in cyber management and security
- Helping to empower lawyers to make informed decisions about organisational strategies and managing change.

FLIP – Ongoing Process

Fulfilling FLIP's role in ongoing support of the legal profession, the FLIP Report made 19 recommendations for implementation by the Law Society, which are contained in an ongoing program of initiatives aimed at helping the legal profession leverage and embrace the opportunities that technology and innovation can provide, for them and their clients.

Behind the Buzz Words

The legal profession is full of new buzz-words which require continual de-coding. The analysis needs to consider various perspectives, including ethical, regulatory, risk management, privacy and legal practice.

This is why, in 2018, the Law Society of NSW launched the very successful "The FLIP Inquiry

Series – Behind the Buzz Words”, a bi-monthly panel discussion which unpacks a buzz word from a variety of perspectives including cyber-crime, metadata, blockchain, AI and RegTech. Five new sessions in 2019 will include globalisation, new-law, cloud and change leadership. Post-event, the panel discussion is converted into a podcast.

FLIP has now also advanced into Australia’s Largest Legal Innovation Event

The Law Society of NSW’s annual FLIP Conference and Innovation Dinner was created to action more of the FLIP Report’s key recommendations, exposing legal professionals to the latest technology and innovation trends. The FLIP Conference and Innovation Dinner will take place in Sydney on Thursday 25 July 2019.

More than 500 legal professionals will hear from over 50 eminent Australian and international legal practitioners, judiciary, academics, law-tech experts and regulators across 20 face-to-face sessions and 11 hours of demonstrations of the latest technological advances in the profession. Eight hours of valuable networking opportunities is also featured.

This year’s keynote speaker is legal futurist Mitch Kowalski. Fastcase 50 Global Legal Innovator and author of two critically acclaimed books, Mitch Kowalski will provide strategic and practical advice on innovations that give law firms and in-house legal departments a competitive advantage.

A highlight of the 2019 FLIP Conference will be the *Today and Tomorrow Alley* which takes conference delegates on an immersive and interactive virtual journey into the legal

world of 2050. Tailored to each “time traveller’s” personality profile, the virtual journey will help participants discover the skills, innovations and areas of work relevant to them in the future, and ultimately help them understand how they might change to embrace these opportunities.

Extensive research has been undertaken by the Law Society of NSW to create this virtual journey into the future, synthesising ideas and predictions from a large number of legal and non-legal experts into an interactive, fun and personalised learning experience. If you want to know what the future of legal work will look like for you and where should you invest your energy today, for the opportunities of tomorrow, the *Today and Tomorrow Alley* can answer these questions in one personalised short FLIP journey.

A 2019 *Emerging Technology Lounge* and *LawTech Theatre* will also provide conference delegates with the opportunity to explore technologies that are significantly altering the shape of the Australian legal landscape. Technology awareness and the ability to leverage technology is essential for large and small law firms, sole practitioners and in-house counsel. Impossible capital outlays are no longer required to access new and emerging technologies. Reductions in the cost of technologies have created a more level playing field.

The thought-provoking program will give delegates the tools to survive and thrive in an ever-changing legal landscape including the opportunity to mix and match sessions from *Thought Leadership*, *Leading with Innovation* and *Future Proofing your Career* streams.

The 2019 Flip Conference will conclude with an Innovation Dinner, where finalists of the #InnovateLaw2019 Hackathon will present their solutions to challenges set by the Supreme Court of NSW and The Law Society of NSW before the winners of this groundbreaking initiative are announced.

REGULATORY IMPACT

Technology and innovation in the profession is inseparable from regulation of the profession. In April 2018, Facebook CEO Mark Zuckerberg said: “[T]he real question, as the Internet becomes more important in people’s lives, is what is the right regulation, not whether or not there should be regulation.”

The regulatory framework in NSW allows innovation to flourish, apparent from the range of new law firm types that have emerged. At the 2018 FLIP Conference the NSW Law Society hosted an Emerging Technologies Lounge where more than 15 legal technology start-ups and the four finalists of #Innovatelaw2018 hackathon provided demonstrations innovative ways to utilise the latest technologies, including AI, in their service delivery. Examples included:

- **Ailira** - Acronym standing for: Artificially Intelligent Legal Information Research it automates legal advice for consumers and automates legal research for lawyers.
- **Contract Probe** - this app reviews a contract and generates a report with a quality “score” in 15 seconds.
- **LawSwitch** - can automate the entire legal client engagement process for legal service providers, taking it from initial enquiry through to a booked conference by using chatbots.

- **Legaler** – who is using blockchain-based platform to match people who can’t afford traditional legal advice with those willing to provide it pro-bono.
- **Xakia** - software for in-house legal departments of 2 to 2,000, providing reporting and automated view of the team's workload.

Technological innovations are brushing up against several regulatory boundary lines and the Law Society of NSW is taking an active role in advising on the regulation of innovation in legal practice for the benefit of those we represent.

Consequences arising from unregulated legal information and unqualified practitioners

At present, NSW legal industry regulators – the Legal Services Commissioner and the Law Society of NSW – have no power to hold vendors accountable where a defective product or service is deemed not to be a legal service.

Issues with the accuracy of legal advice provided by qualified NSW legal practitioners can be addressed by the regulators. However, if legal documents provided online do not constitute a “legal service” under the Uniform Law, buyers must seek redress under the general Australian Consumer Law, a regime that operates independently of the specialised regulatory framework governing the legal profession. It is challenging for regulators to provide redress where legal information was provided by a non-legal, professional operating outside our jurisdiction.

The Nova Scotia Barristers' Society has sought to deal with this issue by introducing a new

model of legal services regulating "the delivery of legal services" defined to include work performed by "legal entities" including non-lawyers working under the supervision of lawyers. This model will not distinguish between the provision of legal information and legal advice. As legal services may be delivered by legal entities in combination with other services, all delivered services are subject to the same ethical and professional standards required for legal services. [12]

The Legal Professional Uniform Law 2014 (Uniform Law) (adopted by Victoria and NSW in 2014) ensures the highest standards of service and entrenches the independence of the profession from the State and from clients themselves in providing that legal service provision is indeed the sole province of licensed legal practitioners.

The purchase of commoditised "legal documents" by consumers carries the risk that the document may not be fit for purpose and the consumer's rights are adversely affected. The consequences can be serious as the provider may be outside the jurisdiction and may not have insurance to meet any claim against it; not being obliged to carry professional indemnity insurance.

Competency Duty

NSW lawyers have a fundamental duty to deliver legal services competently. Supervising lawyers also have duties of reasonableness in the supervision of other solicitors and employees. Key questions about technology competency remain unanswered, for example: can a lawyer discharge this duty without a basic understanding of:

- The technology including algorithms that

underpin an AI application and data used in machine learning that enable the legal service provided

- Technology used in technology-assisted review of documents in discovery
- The workings of automated drafting tools used to draft wills and other legal documents
- Cloud technology used to ensure security of hosted confidential client data.

In 2012, the American Bar Association approved a change to the Model Rules of Professional Conduct to include an understanding of technology within a lawyer's duty of competence. In NSW this duty is implied. In Europe, several legal professional bodies have issued guidance for the profession on the importance of keeping up to date with changes in technology, particularly in the areas of data security and client confidentiality.

AI Ethics Framework

This year, the Law Society of NSW's Privacy and Data Law Committee contributed to a submission on the Australian Human Rights Commission and World Economic Forum white paper: "Artificial Intelligence: Governance and Leadership" which asked whether Australia needs an organisation to take a central role in promoting responsible innovation in AI and related technology.

"Such an organisation could combine capacity building, expert advice, governance, leading practices and innovative interventions that foster the benefits of AI while mitigating risks."

The Law Society of NSW is also responding to a Discussion Paper issued by Data61 and

CSIRO “Artificial Intelligence Australia’s Ethics Framework issued in response to an announcement by Australia’s Federal Government of funding for the development of a national AI ethics framework through the Department of Industry.

Over 100 pages of the FLIP report could have easily been left to languish on the shelves of the Law Society of NSW or become quickly outdated. Instead, the FLIP project has emerged as a change agent for the Law Society’s members and within the broader legal community to actively and innovatively provide the legal profession with unbiased information on the state of technological disruption and innovation.

Notes

[1] Gartner Top 10 Strategic Technology Trends for 2019, October 15, 2018
Contributor: Kasey Panetta <https://www.gartner.com/smarterwithgartner/gartner-top-10-strategic-technology-trends-for-2019/>

[2] *ibid*

[3] Pivovarov, Valentin, 713% Growth: Legal Tech Set An Investment Record In 2018
<https://www.forbes.com/sites/valentinpivovarov/2019/01/15/legaltechinvestment2018/#683ad0c7c2ba> 15 January 2019

[4] *Ibid*

[5] Australian Bureau of Statistics, <http://www.abs.gov.au/ausstats/abs%40.nsf/94713ad445ff1425ca25682000192af2/1647509ef7e25faaca2568a900154b63?OpenDocument>

[6] Baker, Jodie, Australia is leading the legal-tech revolution, but what does this mean for lawyers, firms and clients? www.smartcompany.com.au 17 January 2019

[7] *The Value of Contemporary Professional Associations*, Report researched and written by Dr Justine Rogers and Deborah Hartstein UNSW Law, 2018

[8] *Ibid*

[9] According to Deloitte, 100,000 legal roles will be automated by 2036. They report that by 2020 law firms will be faced with a “tipping point” for a new talent strategy. Deloitte aren’t alone in making predictions about the automation of legal jobs, and there are other estimates out there – Michael Mills of Neota Logic estimates 10 per cent, McKinsey Global estimates 25 per cent.

[10] Artificial Intelligence: Australia’s Ethics Framework (A Discussion Paper) https://consult.industry.gov.au/strategic-policy/artificial-intelligence-ethics-framework/supporting_documents/ArtificialIntelligenceethicsframeworkdiscussionpaper.pdf

[11] Jacky Swan, Sue Newell and Maxine Robertson, ‘National Differences in the Diffusion and Design of Technological Innovation: The Role of Inter-organizational Networks’ (1999) 10(S1) *British Journal of Management* S45, S48. 175 *Ibid* S51 in *The Value of Contemporary Professional Associations*, Report researched and written by Dr Justine Rogers and Deborah Hartstein UNSW Law, 2018

[12] Tahlia Gordon, Co-Director of Creative Consequences, Nova Scotia Barristers’ Society, address to Flip Inquiry

About the Author

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[Law Society of New South Wales](#), the peak regulatory and membership body for the state's 34,000 solicitors and legal professionals.

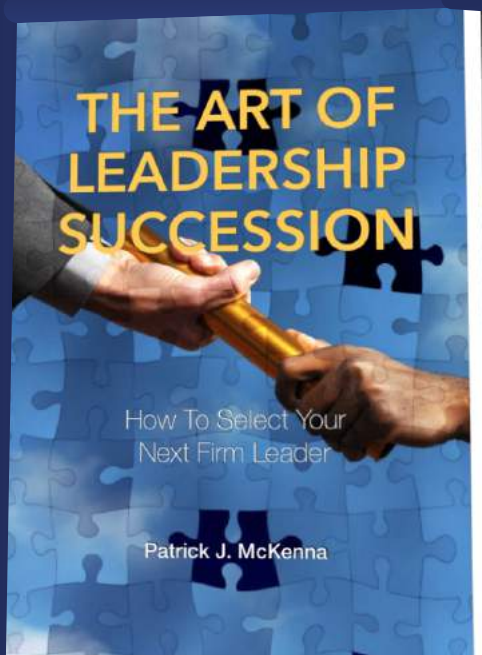
She identifies and develop member centric solutions, drive external commercial partnerships and am also responsible for design and implementation of the Law Society of NSW's Future of Law and Innovation in the Profession (FLIP) Project, supporting its members through the technological and innovative disruption facing the profession.

Martina has extensive experience in legal process improvement and legal service delivery and is passionate about technology and

innovation and how it can enhance legal service delivery.

She has been developing, managing and implementing business development and marketing strategies, campaigns and communication programs to generate new business opportunities as well as acquiring and retaining clients for more than 15 years.

Martina holds a Master of International Business and Law from The University of Sydney, Graduate Diploma of Legal Practice from The Australian National University, Diploma in Law from Legal Profession Admission Board and Bachelor of Business Studies from Charles Sturt University. She is eDiscovery certified.



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Blockchain for Legal Services Revolution or Evolution!

By Nita Sanger, Chief Executive Officer of Idea Innovate Consulting

There has been a lot of talk about how blockchain, underpinned by the Distributed Ledger Technology (DLT) [1], will revolutionize the legal industry, as it allows users to inject digital trust into any software, process or organization, eliminating the need for intermediaries between untrusting parties. [2] In theory, the legal industry is ideal for the adoption of blockchain given the substantial number of players, the high volume of documents, information and transactions involved, and the need for trust between untrusting parties, which is a core tenet of the profession.

However, we believe that the adoption of blockchain in the legal industry will be evolutionary, not revolutionary, as the legal indus-



try will be a *follower*, not a *leader*, in the adoption of blockchain, and will move to it only after clients start adopting the technology for use in their businesses. For the business of law [3], despite the hype, blockchain technology is still nascent and a few years away from solving any large-scale business problems. Firms across many industries are experimenting using blockchain to solve some of their business chal-

lenges, with no clear winners. In the near term, for the practice of law [4], the legal industry will be a central player in guiding corporates as they navigate the use of the DLT technology for their business and advising regulators as they establish protocols, as there are many legal and data privacy and security issues, that still need to be resolved.

Critical factors for blockchain adoption and industry opportunities

There are six critical factors for the technology to be successfully adopted in any industry [5]:

Number of Players – There need to be many players in the ecosystem to allow for multiple nodes to exist so that any transaction on the blockchain cannot be easily altered (as 51% of the nodes need to agree for any transaction to be changed). So any industry with a few players would not be ideal to adopt blockchain, as they could potentially collude and alter transactions.

Number of Transactions – As the margins on each transaction are low, volumes need to be significant for it to be financially viable to run the ecosystem, both for the miners who validate the transaction, and any entity managing the ecosystem (in the near term, any commercial use will require a private, permissioned blockchain and will need someone maintaining the ecosystem).

Trust in the Market – For successful adoption of the blockchain, there is an assumption that the existing market infrastructure has limited trust which drives the need for another source of trust.

Friction in Market - As with any other driver for change, there needs to be a high degree of friction or “pain” in the market that the technology addresses.

Implementation Cost – Given the competing demands for the limited investments within a firm, the cost of implementing the technology should not be too prohibitive.

Benefit vs. Cost of Implementation – Finally, the most crucial driver for adoption will be the benefit derived from the use of the blockchain versus the existing technology being used. The most likely near-term benefits for blockchain could be for reducing costs and improving efficiencies.

Industry Opportunities for Blockchain

Based on the World Economic Forum study on blockchain, [6] any industry in which the key players are working with physical assets is not conducive to the use of the blockchain, as the technology has not yet effectively learned how to translate between the virtual world capable of immutability, and the tangible world that is material and subject to tampering. Keeping this in mind, the industries that are more likely to drive the adoption of blockchain solutions

Figure below: Factors for Successful Adoption of Blockchain

Number of Players	Number of Transactions	Trust in Market	Friction in Market	Implementation Cost	Benefit vs Cost of implementation
High	Mid to High	Low	High	Mid to Low	High

are public sector, financial services, and healthcare.

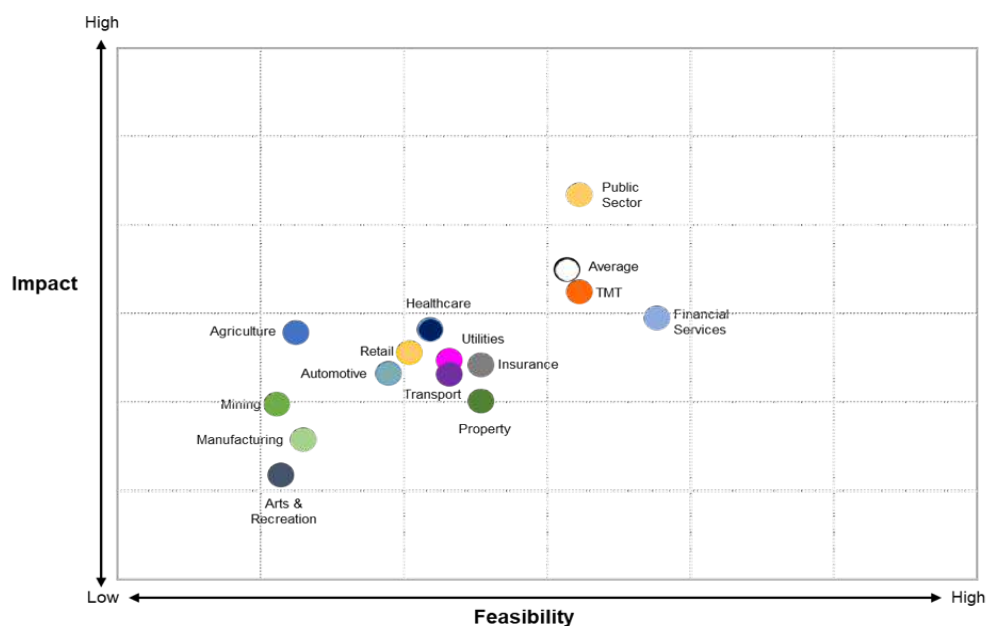
The Public sector is ideal for leveraging blockchain for record keeping and identify verification. Government tasks such as identity, title registry, record keeping, document management, etc., can be enabled by blockchain infrastructure to achieve substantial savings. The use of blockchain will also help increase transparency among government agencies and across businesses, citizens, and watchdogs. Governments such as Dubai, Singapore, Georgia, Estonia and many others, are actively running blockchain pilots for identity management, title registry, document management, and fractional ownership, etc. We expect that, in the near term, the public sector, including governments and agencies - *potentially many of them in the developing world* - will lead the way in adopting blockchain to solve some of the significant challenges they are facing and use it to serve their citizens most effectively.

Financial services firms verify and transfer financial information and assets which are ideally suited for blockchain. Firms are using the blockchain technology to address existing pain points, in high volume businesses, such as trading cryptocurrencies [7], cross-border money transfers [8] and for

cross-border payments [9] to improve efficiencies and customer service for the end-user, and reduce intermediaries, as well as, costs for the institution.

The Healthcare industry can use blockchain to seamlessly exchange patient information across providers, patients, insurers, and researchers while increasing efficiency, and gives researchers access to the historical, non-patient-identifiable data sets crucial for advancements in medical research. Simultaneously, patients can have more control over their data and even the ability to commercialize data access, if they choose to do so.

In addition to financial services and healthcare, some other industries on the fore-front of experimenting with blockchain are real estate for title registry, music industry for digital rights management, and food and beverage for food safety and origin. In the future, blockchain will likely enable the creation of new business models and revenue streams.



Source: Blockchain beyond the hype: What is the strategic business value, McKinsey Digital, 2018

Impact of blockchain on the business of law

The legal industry is ideally suited for adopting blockchain, given the key factors for adoption are in place: large number of players, high volume of documents, information and transactions involved, limited trust. [10] and significant friction related to legal fees.

For legal services, there are three broad categories for use of blockchain: for maintaining records, conducting transactions, and a combination of the two. These categories are further divided into five areas of focus: information registry, identity management, smart contracts, transaction registry and payments. Multiple use cases are being explored in each area of focus. Legal industry input and capabilities will be required across three categories.

Most certainly, the uses of blockchain technology will expand beyond those currently high-

lighted, as the technology becomes more robust and the commercial use of the technology expands.

However, the legal industry **will adopt blockchain technology only after its key customers** in the legal ecosystem: corporates, governments and notaries, [11] have already adopted it.

Widespread adoption of blockchain for commercial use is still a few years away, as several issues still need to be resolved:

- Getting key players in the industry to work together, moving from competition to cooperation, and solving problems for the “greater good” of the industry;
- Establishing common industry standards to which all players in the ecosystem will adhere;
- Having assets that can be digitized;
- Solving interoperability issues between platforms; and

	For Maintaining Records			For Conducting Transactions		Combination
	Information Registry	Identity Management	Smart Contracts	Transaction Registry	Payments Network	Other
Description	Distributed database to store information Initially will be driven by public sector and government agencies	Distributed database storing identify-related information. Often referred to as self-sovereign identify (SSI), where information is controlled by the individual Initially will be driven by the public sector and government agencies	Conditions recorded on the blockchain to digitally facilitate, verify, or enforce the negotiation or performance of a contract Could be used by multiple industries	Distributed database to record exchange or flow of assets on a digital platform Could be used by multiple industries	Distributed database to record and execute on payment transactions between participants, underpinned by either cash or cryptocurrencies Initially will be driven by financial services	Use cases will combine the capabilities from the other groups or specific use cases that do not fit into the earlier categories
Select Use Cases	<ul style="list-style-type: none"> • Land titles • Patents • Intellectual Property • Music rights • Food safety and origin 	<ul style="list-style-type: none"> • Drivers licenses • Passports and other identify cards • Know-Your-Client (KYC) • DNA and other healthcare information • Voting 	<ul style="list-style-type: none"> • Vendor payments • Professional services (legal, financial, temporary, contract) • Insurance claim payouts • Music downloads 	<ul style="list-style-type: none"> • Fractional investing in real estate, other precious metals and minerals, etc. • Supply-chain and traceability of food, drugs, mining, etc. 	<ul style="list-style-type: none"> • Cross-border peer-to-peer payments or transfers (money or cryptocurrencies) • Cryptocurrency trading 	<ul style="list-style-type: none"> • Financial inclusion for un- or underbanked, combining identity and payments • For better healthcare services for patients, leveraging identity • For supporting the settlement of refugees, including identity, registries and payments

- A clear value proposition for the use of the Distributed Ledger Technology.

Finally, it is going to be hard for most institutions in any industry to disrupt themselves, given that their primary focus is profitability and efficient business operations. However, they are key to the successful adoption of blockchain in the industry, as they can help define common industry standards; identify potential use cases and test them; bring business expertise to the use cases; run the nodes for the blockchain; and provide funding and resources to build and scale use cases.

Impact of blockchain on the practice of law

The most significant impact of blockchain for the legal industry in the near term, would be to support its customers to **better understand the legal and security and privacy issues** [12] **and guide the regulators** to establish the appropriate rules and regulations.

Most corporates experimenting with the blockchain will need legal advice on the following issues.

In addition to the legal issues, some security







and privacy issues will also need to be addressed.

Security issues – The benefit of the decentralized nature of blockchain is that it is supposed to be more secure and resistant to hacking. However, to date, there have already been attacks on various cryptocurrency exchanges, with millions of dollars being lost. For any commercial use of blockchain to be successful will require the network to be very secure.

Privacy – On blockchain, all the transactions, even if they are encrypted, are open to the public. Many players may not be comfortable disclosing their information publicly, specifically if it relates to financial, legal or health issues. This issue could potentially be mitigated by using private keys.

Legal professionals will also need to work with regulators to develop regulations that address these legal issues and guide them to establish the appropriate security and privacy protocols, balancing innovation with the protection of the participants and investors on the blockchain.

Blockchain-related Legal Issues to be Addressed

 Jurisdiction Applicability	 Smart Contract Enforceability	 Intellectual Property Ownership	 Compliance with industry regulations	 Legal Liability in a DAO	 Leaving the Blockchain
<p>The blockchain has nodes that usually span multiple geographies.</p> <p>In case of a breach, it will be hard to establish the rules of and laws of which country apply.</p>	<p>A smart contract is actually just lines of code.</p> <p>If there is a conflict related to the contract, it may be hard to enforce the smart contract in a court of law.</p>	<p>The real value of the blockchain is the adoption of the technology by the network.</p> <p>For businesses, the blockchain will significantly limit the ability to patent and enforce IP ownership of software and business processes.</p>	<p>The adoption of the blockchain is likely to be driven by regulated industries, such as financial services and healthcare.</p> <p>Regulators will need to review the contracts and overall arrangements to ensure that industry regulations are being met.</p>	<p>Decentralized Autonomous Organization (DAO) are essentially online, digital entities that operate through the implementation of pre-coded rules.</p> <p>The legal systems would have to decide who is responsible if laws are broken.</p>	<p>The concept of the blockchain to create and maintain an immutable record contradicts this regulation.</p> <p>Regulations such as GDPR or the "right to be forgotten" once a transaction is completed, need to be addressed.</p>

Legal Consortia

Since blockchain facilitates transactions across a network, the value of a blockchain network will increase with the number of users. The growing participation by enterprises, technology providers, regulators, and governments would be key to the development of blockchain and help increase adoption of the technology. [13] A few groups have formed in the legal space to encourage collaboration and standardization —helping to establish standards and address the lack of interoperability between networks. The main legal consortia are:

Global Legal Blockchain Consortium

Focused on developing standards to govern the use of blockchain technology in the business of law. The consortium has about 225+ members.

Accord Project

The vision of the project is to develop technology specifications for smart legal contracts and distributed ledger applications in the legal industry and develop open source code for the standardized creation of smart contracts.

There is significant interest from most players in the legal ecosystem to be part of the consortia. The effectiveness of these consortia still has not been proven, as they are run by for-profit organizations that may make them less than ideal for driving an industry-wide consortium forward. An industry body or regulator, such as International Legal Technology Association (ILTA), Association of Corporate Counsel (ACC) or Corporate Legal Operations Consortium (CLOC), may potentially have more success in running such a consortium.

Action Steps for the Players in the Legal ecosystem

Given the energy around blockchain, it is vital for all players in the legal services ecosystem to have a better understanding of blockchain technology and its potential impact on them. Below are suggested next steps:

Customers

The users of legal services.

Corporate Legal Departments – Understand the legal, security, and privacy issues around the adoption of blockchain and advise the business as they test use cases to improve efficiency and effectiveness to serve customers better and maintain/increase profitability. Use blockchain for the select legal operations [14] [15]:

- **Efficient execution of legal services** For dispute resolution and arbitration, development and execution of smart contracts; filing corporate returns, registration of intellectual property rights;
- **Verification and authentication of legal business operations for customers.** For document management, billing and expense management, etc.;
- **Improving efficiency of legal tasks performed** For maintaining chain of documents during, custody cases, M&A transactions, recording and maintaining historical case-related information, and notarizing documents.

Government Agencies and Notaries

Conduct use cases to leverage the potential of blockchain to improve efficiency in the legal system, i.e providing transparency around historical cases, maintaining chain of documents during cases, digitizing volumes of material

currently in paper-format, and for notarizing documents.

Providers

The providers of legal services who support customers by delivering legal advice, resolving legal challenges, and helping them to run their legal departments more efficiently and effectively.

Law Firms

This group will play a critical role in the future of the adoption of blockchain within the industry. All players in the ecosystem will look towards them for:

- **Training** on the use and the implications of the blockchain technology;
- **Guiding** corporate clients as they run blockchain use-cases, then implement the technology to run their business;
- **Establishing** legal and **regulatory standards**, working with regulators to drive the adoption of blockchain;
- **Develop common industry standards** for the use of blockchain within the legal industry, as a critical member of the legal consortiums;
- **Collaborate with other legal service providers** to leverage blockchain to serve existing clients more effectively and efficiently and potentially service those currently who do not have access to justice.

All Other Providers (Legal Services Providers, Big Four, Legal Techs and Other Services Providers) – Assess the potential use cases and discussions around the uses of blockchain by corporates and government agencies, to determine if there is a likelihood of their services being dis-intermediated

in the future, and the estimated timing of the same, e.g. the use of blockchain for billing and expense management could negatively impact some service providers.

Other

Other players in the legal ecosystem who are critical for it to function effectively: *Regulators and Enforcers* – Work with industry leaders and law firms to establish rules and regulations for the successful adoption of blockchain technology, balancing the need to encourage innovation, reduce delivery costs and improve transparency, while protecting end-users. *Investors* – The adoption of blockchain across the legal industry will provide significant opportunities for investments.

The Future

In conclusion, we believe that blockchain technology, has the potential to transform businesses globally. However, the adoption of blockchain in the legal industry will be evolutionary, not revolutionary, with the use of the technology becoming core to the legal industry in the next few years, However, the legal industry will only adopt it after their clients start using to run part of their business.

But it is important to keep in mind that the legal industry will play a key role in this evolution, educating all players in the legal ecosystem, helping corporates understand the legal and regulatory implications as they adopt blockchain for their business and working with the regulators to establish standards. They will also be critical in establishing common industry standards for the legal profession and collaborating with other legal service providers to serve clients more efficiently and effectively.

Notes

[1] <https://medium.com/swlh/what-blockchain-means-for-developing-countries-1ec25a416a4b>, Dec, 2018.

Blockchain is underpinned by Distributed Ledger Technology (DLT), which enables a network of digital data that is consistent, replicated, shared, transparent and synchronized across multiple sites, countries, or institutions.

[2] “Bitcoin: A Peer-to-Peer Electronic Cash System”, Satoshi Nakamoto, 2008

[3] Business of Law Definition: The providing of a combination of legal, business and tech capabilities, to augment customer (both corporate and law firm) expertise and improve their efficiency and effectiveness, including services such as legal project management, and business analysis.

[4] Practice of Law Definition: The giving of legal advice or of representation of another as an agent in a court of law or through rules of court, or in the preparation of legal documents or in dispute or contractual negotiation. The exercise of the profession of barrister, solicitor, attorney or lawyer.

[5] <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/blockchain-beyond-the-hype-what-is-the-strategic-business-value>

[6] Blockchain Beyond the Hype A Practical Framework for Business Leaders, World Economic Forum, April 2018

[7] <https://coincheckup.com/global>. As of June 20, 2019, the daily trading volume of cryptocurrencies is \$52.5 billion.

[8] <https://www.toptal.com/finance/market-research-analysts/international-money-transfer>. Money transfer operators (MTOs) are fi-

nancial companies (but usually not banks) engaged in cross border transfer of funds using either their internal system or access to another cross border banking network. According to the World Bank, total remittances sent in 2016 were above the **\$530 billion**.

[9] Global payments 2018: A dynamic industry continues to break new ground, McKinsey, October 2018. The global payments industry is \$1.9 trillion and is expected to cross \$3 trillion within the next 5 years.

[10] Gaining trust as well as respect in communicating to motivated audiences about science topics”, Princeton University study, Susan Fiske and Cydney Dupree, 2014

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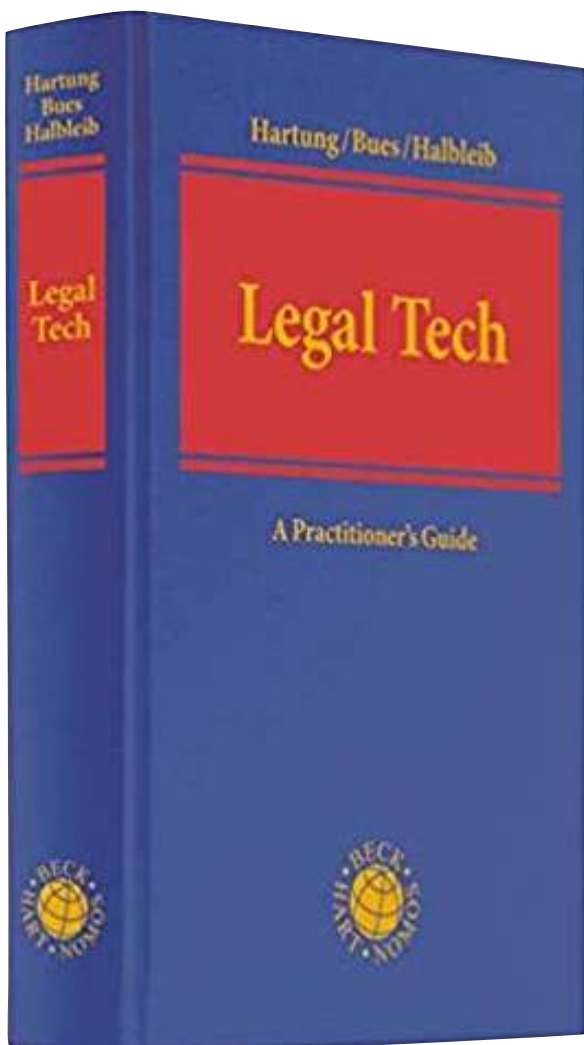
About the Author

Nita Sanger is the Chief Executive Officer of Idea Innovate Consulting, a boutique consulting firm focused on business transformation and growth helping businesses be successful in a volatile, uncertain, complex and ambiguous

(VUCA), business environment. She has 20 years of experience working with global large and mid-sized corporates and start-ups and scale-ups in financial, professional and legal services. Nita focuses on setting the vision and strategy for the business and then operationalizing the strategy to achieve desired results and ensure exponential growth. Nita has also established and advised multiple start-ups focused on disrupting the services sector. She

brings domain expertise in the application of various technologies to transform the business, i.e. Artificial Intelligence / Cognitive, Internet of Things, Blockchain, Crowdsourcing, Crowdfunding, Analytics, etc. Nita is a blockchain enthusiast and has written and presented on the impact of blockchain on various businesses.

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The Current and Future State

This new handbook comprehensively analyzes the current and future state of digital transformation in the legal market and its implications from a global perspective. It provides a multi-faceted overview of the use of Legal Tech in law firms and legal departments in different parts of the world (including Africa, Australia, Brazil, Canada, China, Europe, Russia, and the United States) and formulates clearcut strategic advice for a successful digital transformation. With concrete examples, best practices and first hand experience reports, more than 50 renowned international experts explain how and to what extent Legal Tech - through automation and technology - will change the way legal services are delivered. The reader learns what strategic decisions and steps are necessary to equip the legal industry for the changes to come. Future developments (e.g. Smart Contracts, Blockchain, Artificial Intelligence) are also explained and analysed in this unique book.



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magazine // Legal Operations



Disruptive factor:

How Euronext is expanding into fintech, regtech and legal tech

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INSPIRATION AND INFORMATION | 2019

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It's an Abundant Future, and Legal Might Play the Key Role

By Aileen Schultz, Senior Manager, Labs Programs at Thomson Reuters; Founder & President, World Legal Summit.; Fmr. Co Founder & Global Organizer, Global Legal Hackathon

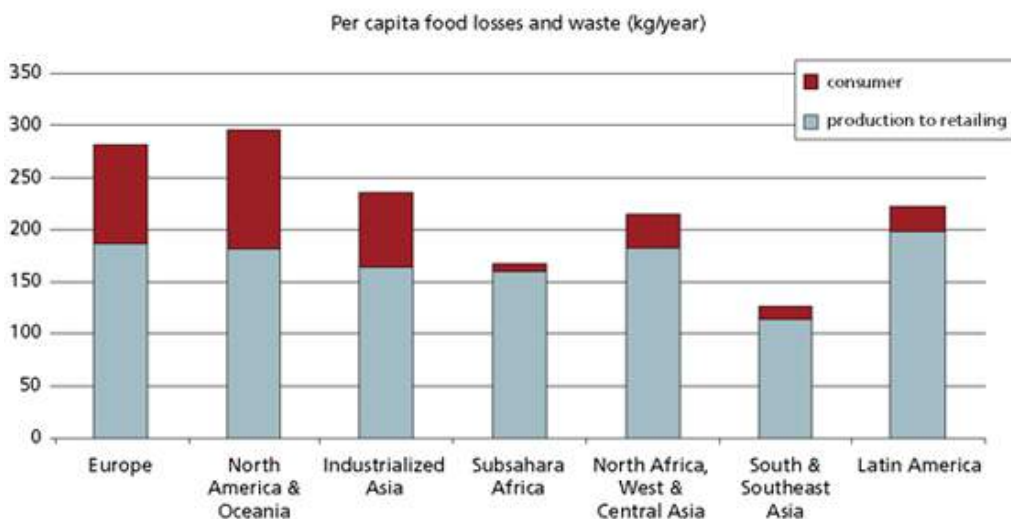
We live amidst scarcity globally and across many domains. There's no shortage of voices spewing across the headlines claiming we're approaching a future of overpopulation, ongoing mass food and water shortages, environmental catastrophe, and the troubling list goes on. We see a micro version of this brewing angst in the legal industry, as legal professionals watch technology transform their roles, and fear grows around what jobs will or won't be available as things progress. There's a growing tension between humans and technology, as we watch technology surround us while totally transforming the world we live in.

However, there are those that would argue, and I am one of them, that this is a *crafted perception* of scarcity. In actuality we have the tools available to us to design instead an abundant future for us all, and our current state of scarcity is really just a monstrous side effect of outdated ways of thinking.

These are ways of thinking that we've been trained from birth to adopt, and that are hard wired into the way we live on a daily basis. I'll now explore a different way of seeing things, and illustrate how actually technology is enabling an abundant future, and legal transformation will be the bridge that helps us get there.

On Scarcity, Is it Real?

Yes, scarcity is a fact in the world we live in today. However, it's a subjective state of things, not an objective reality of how things actually are or have to be. As a case in point, consider the following illustration of food loss world wide. We see that [roughly 1.3 billion tonnes](#) (or one third) of the food produced worldwide for human consumption is either lost or wasted. This amounts to an estimated US\$ 310 billion in developing countries and US\$ 680 billion in industrialized countries in the value of food lost or wasted annually.



Source: Food and Agricultural Organization of the United Nations

According to the [World Economic Forum \(WEF\)](#) it would cost US\$160 annually per per-

son that is living in extreme poverty to end hunger. Let's consider this in practice for a moment. The population of the Democratic Republic of the Congo, one of the world's poorest countries, is 81.34 million as of 2017, so that would be roughly \$13 billion to feed the country. This amount is of course just a fraction of the billions of dollars in food waste we witness annually at a global scale. So, yes, obviously scarcity is real, but clearly as a result of a grossly dismantled *should-be* equilibrium. In actuality, there's plenty of land, food, water, health care, and more to go around the world and back again.

So why is it so hard for us to believe we can move toward an abundant future? Our current social, economic, and political constructs are totally bound up with current perceptions of scarcity. We operate in a world that is framed in the context of scarcity. The only reason really anyone is fearful of their job disappearing

because of technological transformation, is because they cannot picture an alternative to working for basic sustenance for themselves and their families. Our abundant future only becomes a reality when these frameworks shift and adapt in appropriate ways.

On our Abundant Future

There is a growing band of radically optimistic technologists that believe we are approaching an abundant future, meaning we will live in a time where our basic human needs are met across the globe.

It's not a perspective without warrant by any means. With our technology enabled future comes a few perks, like for example:

- the near abolition of the need for humans to perform monotonous tasks
- the ability to produce food at unprecedented rates and quantities
- the increasing capabilities of health care practitioners
- the growing accessibility of legal information
- global transportation at greatly reduced costs and greatly increased speeds

Read another way however, those aren't perks, but rather the displacement of jobs, and lots of them. This highlights precisely the problem with how our perception is crafted and manipulated. We can either view technology as an enabler of our utopian future, or as a predator that we've created and waged against ourselves. The thing is, both sides of the coin are likely to be correct. The missing piece?

We forget to account for how socio-economic frameworks are going to shift necessarily in response to these transformations, and legislative transformation plays a pivotal role.

So, How Are we Going to Reach Abundance? Legal has a Big Role to Play

In light of the vast improvements the exponential growth of technology will bring, we will need to develop sound frameworks for managing them. These frameworks naturally demand a shift in legislative structures, and currently, the most popular proposals raised have regulatory questions at the heart of them, and they are in need of sound legal input. In particular, two frameworks have been considered, and

have raised heated discussions: the Robot Tax, and Universal Base Income (UBI).

Robot Tax:

While a "robot tax" has been supported by politicians for some time now, Bill Gates can be credited for resurfacing the concept into mainstream and modern discussion. In 2017 Gates had [an interview](#) where he expressed support for the idea of taxing robots to augment the decrease in income tax generated by humans, a tax which our current economic structures are built to depend on. If this "automation tax" (it has also been called) were to come into practice, the idea goes that it could fund jobs for humans that they're better than robots at doing, for example caring for the elderly or child rearing.

Universal Basic Income:

Another framework being discussed at length is something called Universal Basic Income (UBI), and just about every technocrat is a proponent of it with Elon Musk spearheading the discussion. The basic tenant of UBI is the idea of creating economic structures whereby everyone has the base amount of income needed to live with shelter, enough food, and with the basic living conditions that billions across the world lack today. Several countries have now experimented with this concept, with varying degrees of success.

The problem with actualizing these frameworks to date is that it is next to impossible to create the real world scenarios, effectively overnight, to experiment with these concepts. For example, many of the trial programs for UBI that have currently run, use groups of individuals who are currently unemployed or on existing welfare programs.

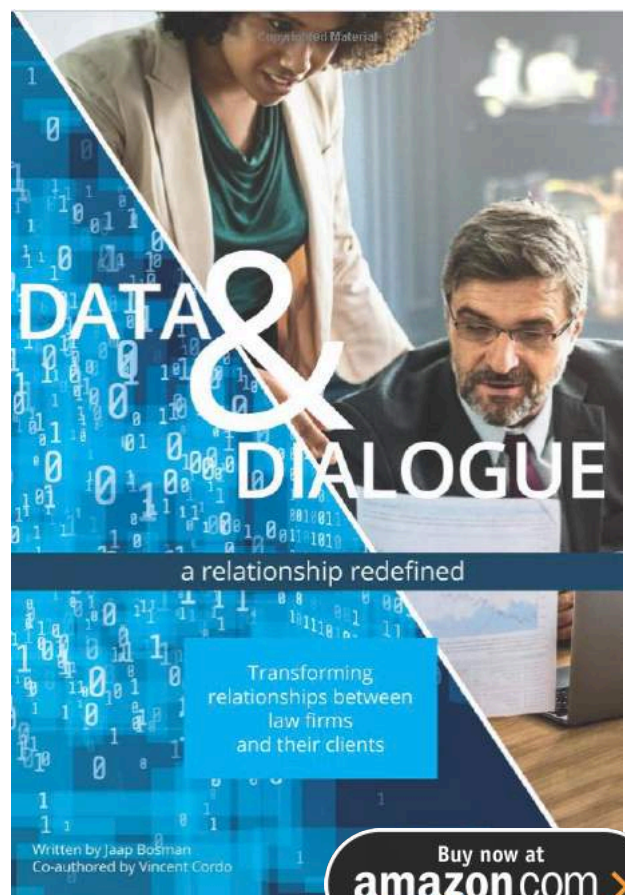
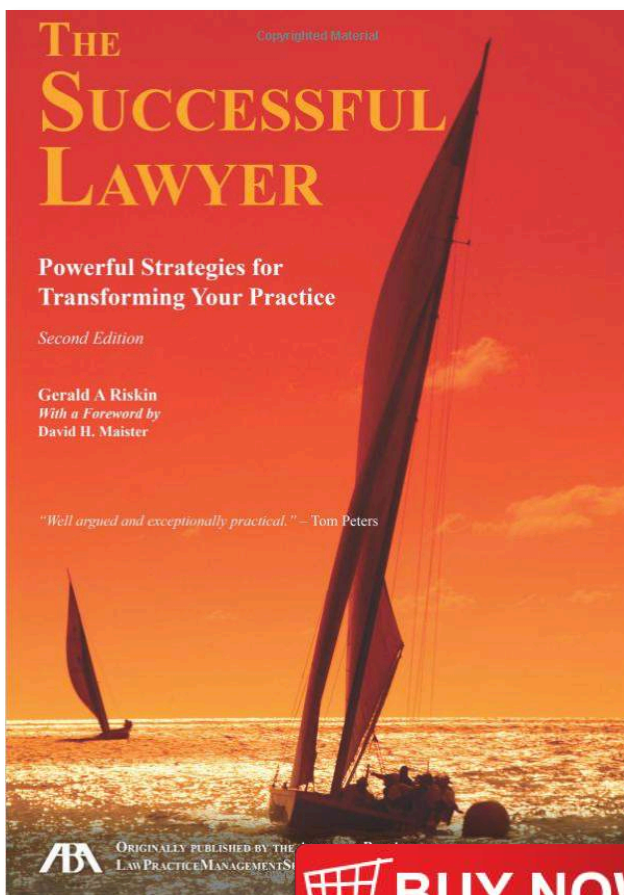
UBI is not welfare, and is not meant to be an alternative to welfare, so using these groups in the experiment doesn't allow the concept to obtain full scope. The results are therefore misinformed.


In order that we might experience the tangible and true application of these concepts, we need massive legislative and regulatory transformation around labour, tax, and business laws. These concepts need proponents beyond the techno-optimists of our era, proponents

that are in governments, in policy, and that can ultimately influence and change the laws.

About the Author:

[Aileen Schultz](#) is a Toronto based award winning growth and innovation strategist with a global footprint, and a passion for creating better exponential systems. She works with SME's across several sectors with a focus in legal and blockchain technology.



A close-up portrait of Lindsay Griffiths, a woman with long, dark brown hair and bangs, smiling warmly at the camera. She is wearing a dark top. The background is a soft, out-of-focus light color.

Translating Content into Business Relationships

By Lindsay Griffiths, Director of Global Relationship Management, International Lawyers Network

Over the past several years, a number of new terms have been introduced into the lexicon to describe activities that many lawyers and law firms were already engaged in, and in some cases, using new tools and technology to pursue. These terms helped us to put context around our activities, and to pursue a more structured, strategic means of achieving our business development goals.

The term “**Social media marketing**” came into use when social media platforms were introduced and we learned how to use online technology to build relationships that we’d previously been building offline (that’s tremendously simplified, but you get the idea). Then “**content marketing**” came along to describe what many law firms had been doing for years – writing about the law and its impact on their

clients, and then sharing it with them. As a term, content marketing is broader than that, but in terms of the legal industry, that's pretty much the short version.

As we worked through the introduction of the terms, we separated people into two camps: the "broadcasters" and the "engagers." The "broadcasters" treated social media and content marketing as a means to spread their message around, but without the end goal of developing community with anyone. This isn't a bad thing, it's just a different valuation – some of the goals that firms/lawyers who embrace this philosophy might be pursuing are reputation enhancement, being considered a thought leader on a particular subject, etc. Many firms and lawyers have been successful, and even built a large following this way, and spend little or no time engaging with their audience.

"Engagers" are those who are more interested in developing relationships with their audience, and as such, use social media to hold conversations with peers, colleagues, potential clients, influencers and amplifiers, and even use their content in a similar fashion. Their end goals are to build community, develop business, and engage in other relationships that will ultimately strengthen their knowledge and practice.

This latter type of marketing is called "**relationship marketing**" and it's how you translate content marketing into the relationships that can bring you business.

Regardless of the further segmentation of marketing types and more terms for us to re-

member to use, using content marketing to build relationships is a valuable use of your marketing time – essentially, it's what you've always done, building your practice by word of mouth, except using social media and content to amplify your in-person efforts.

Yes, you are "talking" with your audience when you are sharing content with them, but relationship marketing is supercharging these efforts, in a more meaningful way. You may already have incredibly strong content – a fabulous blog, highly curated social media posts, on-target client alerts – but it's the rapport you have built with your audience that will make the difference. You're developing a community of people who will, because of their positive experiences with you, share your voice with others, which will grow your target audience and bring in additional potential clients.

Lawyers, the great news is that despite your reputations for not wanting to pioneer new trends, you are ahead of the game on this. You have already been focused on the relationship-building side of content marketing for years, and it's everyone else that's playing catch up. How do you make the most of what you're doing to translate these efforts into stronger relationship marketing?

Inbound Marketing

"Inbound marketing" is another buzz-term that you hear a lot. Rather than getting caught up in all of the fancy words, let's just look at what it really means.

Inbound marketing is about actively pulling in your community, rather than passively waiting

for them to engage – you’re attracting them to your service based on their desire to learn more. It’s a form of two-way communication, where your clients are interacting with you or your firm in a dialogue. Using a variety of tactics, your audience becomes invested and engaged – the reason that this is successful is that people want to be in control of the information that they get, and so their active participation will make them more receptive to your message.

For lawyers and law firms, this sounds great, right? You want an audience that is invested and engaged in your services as a lawyer. It can be a little bit difficult in our industry, because in-house counsel are admittedly more lurkers than participators when it comes to engaging online – they’re reading the information that you put out there, but they’re not very likely to comment on your blog post, or respond to your last LinkedIn share.

However, there are others that do, including influencers in the community and your peers and colleagues. While it may seem less valuable to you that your peers and colleagues would be engaging on your posts, consider this – you may make a point in a blog post, for example, and a colleague adds additional commentary at the bottom that spurs a vigorous and robust discussion in the comments. Although in-house counsel aren’t participating, they *are* seeing that conversation, and it becomes a secondary opportunity for you to showcase your talents as an advocate.

So, how do you build community?

- ***Get the conversation started:*** You can

do this by asking a question of your audience at the end of your blog posts, but let’s be honest, most of us are skimming posts these days and may not even get to the end of something that we’re reading, even if we’re interested in it. So, although I still advocate that, I would further recommend pulling that question OUT of the post and using it in your social sharing – when you post to Facebook, LinkedIn, Twitter, etc., don’t use the title of the post, followed by the link. Instead, take the question you’ve posed and include the link with it. That way, you’re not only encouraging your readers to engage with you in the comments section, but you’re also inviting further conversation on each of those social media platforms. Keep an eye on these platforms to ensure that you’re responding in a timely manner and consider the conversations as fodder for future posts and content as well.

- ***Use content proactively:*** This has always been a favorite of mine. For example, if you want to meet someone, be it a client or a journalist or another thought leader, quote them in your next blog post and craft your piece around something that they’ve said or written. Once the piece is finished, connect with them on LinkedIn (if you haven’t already), and share the link with them, saying that you enjoyed their work enough to respond to it in your own post. Then continue that relationship offline – the next time you’re in their city, ask to meet up for coffee, or try to schedule a call if you’re not going to be traveling any time soon. The idea is that you’re using your content as a starting point for your

relationship with a person that you'd like to know better.

- **Share, share, share:** I always advocate sharing other people's work within your own specialty, to give credence to the idea that you're a thought leader in that space. Not only is this good in general because it shows that you have your finger on the pulse of the industry, and you recognize that no one wants to hear only from you, but it's also an opportunity to engage. How? For those whose work you're sharing, tag them in each social share. When you retweet or directly share, this happens automatically, but if you're doing so directly from their site, include them in the posting so that they know you find their work valuable. Further engage the other members of your community by not just sharing the article – add your thoughts to it as well. Even better if you can come up with a question or provocative comment that will drive further conversation around the piece – that way, you're giving people a reason to further engage with you, as we described in the first point.
- **Engage back:** While the ultimate goal is to bring the engagement and community to *you*, you can also engage in other people's communities. When you're reading blog posts that you find valuable, and you have something to contribute, add to the conversation by posting a comment. Engage directly in LinkedIn groups and with status updates, not just to promote yourself and your own work, but to really have genuine conversations about areas of the law that you have a mutual interest in. Jump into

Twitter chats that you're not hosting to ask questions and engage with presenters/hosts. All of those things will get people interested in YOU, and in addition to building relationships, it will also engender a sense of reciprocity in those people, who will then be more willing to engage in your communities with you.

User Generated Content

This one is a little bit more difficult, because although both types of relationship marketing are, obviously and necessarily, dependent on others to be successful, this one in particular is harder to encourage.

Wikipedia defines user-generated content (UGC) as “any form of content such as blogs, wikis, discussion forums, posts, chats, tweets, podcasts, digital images, video, audio files, advertisements and other forms of media that was created by users of an online system or service, often made available via social media websites.”

The goal here is getting your audience to create a comment or a share about YOU, which is a powerful reference. As we all know, we can say good things about ourselves, but when someone else says them, they become exponentially more meaningful (that's why word-of-mouth has been so important for business development in the legal industry). UGC is basically getting that word-of-mouth piece to extend online.

There are some types of UGC that work well in other industries that aren't well-suited for the legal industry, like contests, requesting reviews, and asking for social shares – in some

cases, it's because it doesn't fit the persona of the profession well, and in others, it's because it's against the ethics rules of the industry. But there are still ways that lawyers and law firms can work to encourage UGC, within ethical boundaries.

- **Write for your audience:** This is something I always advocate, no matter what your goal is for your content – if you want your audience to read what you write, you have to make it something that they care about. But you can get even more tailored when you're doing this to develop relationships. For example, examine the problems that your audience needs solved. A lot of lawyer blogs get started because the lawyers were already writing client alerts that were going out to their own clients, and they felt it made sense to translate these to a wider audience. Why not make that clearer in your writing? Ask for people to submit issues that you can consider for blog posts. This can get into the sticky area of people asking for specific help, but as lawyers, you know where the line is, and can point out to any submitters where they would need to speak with you on a client/attorney basis versus a blog discussion basis.

Try basing blog posts on completing the sentence “Often, I am asked...” If it's a question that some people are asking you, there's a good chance that many others will want to know the answer as well. And your writing will then be supporting the idea that you answer client problems or legal questions that are submitted, encouraging

others to submit their own.

- **Seed the content:** If you're a firm looking to get more user generated content, get your lawyers to help you out. I'm not suggesting that you do this in a disingenuous way, but transparently use their participation to gain traction around a particular effort. For example, if you'd like people to share photos of themselves in the community that your firm is in, get the lawyers in your office to participate by sharing their own such photos to your Facebook page. If you want to leverage a hashtag on Twitter for a conference, get the word out in advance, and then get your own lawyers who are attending the conference to kick off the tweeting. Maybe even show the tweet stream on a big screen in the main hall so that attendees see a diversity of tweets about the event coming through and feel encouraged to participate. Ask all of the lawyers in your firm to like or comment on the substantive news shared by the firm and their colleagues on LinkedIn – the more that something is liked and shared, the more attention it will get among everyone's audiences, and the more engagement it will drive. Have the lawyers post interesting and thought-provoking content to any groups that the firm runs, to ensure that they appear (and are) robust and encourage them to engage in and respond to all conversations in the group as well. When you give the appearance that others are truly engaged in the conversation, and able to share their own content freely, you give tacit permission to others to do the same.

While social media, and now content marketing, have leveled the playing field for law firms when it comes to showcasing talent, the real benefit for lawyers, in my book, has always been the ability to leverage the relationship development of these tools.

About the Author

[Lindsay Griffiths](#) is the International Lawyers Network's Director of Global Relationship Management. In this capacity, Ms. Griffiths works closely with the Network's Executive Director on the oversight and management of day-to-day operations of the International Lawyers Network (ILN). She develops strategies and implementation plans to achieve the ILN's goals, and shares responsibility with the Executive Director for recruitment, member retention, and a high level of service to members. She is engaged in the legal industry to stay on top of trends, both in law firms and law firm networks. In her role as Director of Global Relationship Management, she develops and facilitates relationships among ILN member firm lawyers at 90+ law firms in 67

countries, and seeks opportunities for member firms to build business and relationships, while ensuring member participation in Network events and initiatives. These initiatives include facilitating referrals, the management and execution of the marketing and business development strategy for the Network, which encompasses all communications, push-down efforts, and marketing partnerships, providing support and guidance to the chairs and group leaders for the ILN's thirteen practice and industry specialty groups, the ILN's women's initiative, the ILN's mentorship program, the management and execution of all ILN conferences, and more.

During her tenure, the ILN has been shortlisted as a Global Law Firm Network of the Year by The Lawyer for 2016 and 2017, and included as a Chambers & Partners Leading Law Firm Network since 2011. She was awarded "Thought Leader of the Year" by the Legal Marketing Association's New York chapter in 2014 for her substantive contributions to the industry, and was recently included in Clio's list for "[34 People in Legal You Should Follow on Twitter.](#)"



A large, solid blue rectangular banner with the word "SOLUTIONS" written in large, white, bold, sans-serif capital letters.

Influencing the Demand for Legal Services

By Richard G. Stock, M.A., FCIS, CMC, Partner with Catalyst Consulting

This is the thirteenth in a series of articles about how corporate and government law departments can improve their performance and add measurable value to the organizations.

Gone are the days when conference programs featured sessions on the value of the law department. General counsel explained why business units should be encouraged to call on their lawyers more regularly, and definitely earlier, in the conduct of business. Law departments have expanded in size over the last 15 years even though they are under permanent pressure to reduce costs. Few are regarded as the “business prevention police”, many invest too much time in operational support work of low complexity, while some are regarded as strategic business contributors.

Our close analyses of law department activity since 2010 has persuaded us that many law departments “feel swamped.” Yet it is the same departments that claim they are never late and will do what it takes for strategic and critical projects. It is the other non-strategic work that gets backed up – or so it seems. When lawyers are asked, “how many days could you work uninterrupted with no further input, meetings, and documents from your key internal and external stakeholders”, the backlog averages less than 3 days.

Probing further, we find that the lack of predictability of workflows is much more stressful for lawyers than the actual amount of work on the desk at any one time. Simply put, managing workflows is much more of a challenge than managing workloads for law departments.

Managing a law department and individual professional practices with an “open door” business model is not sustainable. The “captive law firm” law department may work for larger law departments in government but makes no sense for one that is primarily cor-

porate, commercial or regulatory. Even mid-sized departments are increasingly specialized and must be selective about the work they take in. A “managed legal service” business model depends on anticipating the demand for each business unit and then servicing it appropriately.

Having an accurate enough understanding of how inside counsel spend their time is a prerequisite for predicting and managing demand for legal services. Since very few law departments track time – it is a 4 % productivity loss to do so – then it is sufficient to ask the members of the law department to complete a work distribution worksheet that allocates time, in percentage terms, for the last 12 months by legal specialty for each client group. Allowance is made for practice management, professional development, and administrative time.

The next step is for the General Counsel to share the resource consumption patterns that emerge from the internal survey. When meeting with each primary business unit, it is a good idea to also discuss the relative complexity and number of matters. This gives the statistics a reality check. Some business units discover that they have a large number of matters that are routine in nature. They may also appreciate for the first time that many individual users of legal services are occasional at best. An overview of company-wide patterns of workflows and work volumes will often reveal that 300 individuals call on a smaller law department each year, but that only 20 of these account for 85% of the available legal resources. This profile can represent a lot of churn and is an inefficient use of senior counsel time - a bit like going to a hospital emergency room for a head cold.

I recently interviewed senior and first-line management of a financial institution to learn how they planned their use of legal services on an annual basis. None planned for their use of the department as such since there were no budgeting expectations. It was much easier for them to estimate demand after providing them with their volumes and patterns of use for the previous 12 months and then asking whether these would likely increase or decrease by 10%, 20%, etc. in the next year. Business units were able to sketch out the primary projects, disputes, and significant contracts that were likely in the future.

Everyone likes to have their own lawyer on call in the law department. Business units will not voluntarily embrace rigorous intake criteria or rules limiting their use of the law department. But almost all will accept protocols that give clear guidance on when to call the lawyers, who should call, and what documents are needed in exchange for effective turnaround response times. Predictability will win out every time, but the trade-offs are well work intake criteria for legal services.

Once again it is the responsibility of the General Counsel to influence the demand for legal counsel if the law department is to reach its full potential every year.

About the Author

[Richard G. Stock](#), M.A., FCIS, CMC is a partner with [Catalyst Consulting](#). The firm has advised more than 150 corporate and government law departments across North America and abroad over the last 25 years. For legal department management advice and RFPs that

work, Richard can be contacted at (416) 367-4447 or at rstock@catalystlegal.com. See www.catalystlegal.com

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A Legal Business World Series

Series on Corporate Social Responsibility and Sustainability for Law Firms

Create a social impact program that measures up

By Pamela Cone, Founder & CEO Amity Advisory

How does your social impact program rate? Globally, firms are finding that prospects and clients, as well as employees and recruits expect them to take their corporate social responsibility (CSR) and sustainability programs to a new level. These stakeholders expect you to show that you have a holistic, strategic social impact plan with measurable results.

Your stakeholders are likely using third-party certification, audits, or other ratings to assess their vendors' CSR and sustainability practices. Measuring up to certain standards and certifications can differentiate you in the industry and may determine whether you retain or gain new business opportunities. And it's one more piece of your overall strategy to shape your business and its brand as a conduit for social good.

If you have not yet received a request for a certification audit from one or more of your clients, you soon will. Here's what you need to know:

Several companies and tracking systems are becoming standards in the CSR arena. Here are a few:

EcoVadis—A global assessment platform [EcoVadis](#) is a global CSR and sustainability assessment platform based in Paris, France. Founded in 2007, it offers services for both buyers and suppliers, including software tools and platforms that provide CSR ratings and scorecards covering 21 CSR indicators, 190 commodities, and 150 countries. It's built on three pillars: people, process, and platform.

Seven key principles: EcoVadis uses a CSR scorecard to assess how well a company or

firm has integrated its CSR and sustainability practices into its business strategy and management decisions. This assessment is based on seven key principles:

- Evidence based
- Industry sector, country and size
- Diversification of sources to ensure rich enough stakeholder input for reliable scoring
- Technology- applied to ensure the process is secure, confidential, and to accelerate the cycle of measurement
- Assessment by international CSR experts
- Traceability and transparency of documentation
- Excellence through continuous improvement

EcoVadis CSR audits or assessments include:

- **Custom questionnaire and supporting documents.**
- **Document analysis.**
- **360 Watch.** The EcoVadis 360° Watch selects stakeholder information from legitimate and transparent sources verified by EcoVadis.
- **Scoring.** A score from 0 to 100 is allocated to each theme with feedback on strengths and highlighted areas for improvement.
- **Validation and publication.** Senior analysts verify that firms have followed methodology guidelines, and the scorecard is published on the EcoVadis platform.

CSR issues and global standards. The EcoVadis assessment considers a range of CSR issues, which are grouped into four themes: environment, labor practices & human rights, fair business practices, and sustainable procurement.

The CSR issues are based upon international standards such as the 10 Principles of the UN Global Compact, the International Labour Organization conventions, the Global Reporting Initiative's standards, the ISO 26000 standard, the CERES Roadmap, and the UN Guiding Principles on Business and Human Rights — also known as the Ruggie Framework.

The issues covered in each assessment are based on the relevance of the 21 CSR issues to the company context, such as industry, size, and geography and shape the client questionnaire.

Resulting scorecard and benchmarks.

Companies can engage EcoVadis to audit and assess their selected supply chain vendors, and/or they can participate in an assessment in order to obtain an EcoVadis scorecard for their own firm. Law firms that represent multinational and global clients may be asked to provide their EcoVadis score, so firms may want to be proactive and complete the assessment each year to have their scorecard available when clients ask for it.

Your EcoVadis assessment also provides benchmarks against which you can strive to improve. Since the process includes a rating methodology based on activity, size, and geography of the assessed company, this produces standardized scores that benchmark CSR performance of companies like yours and clearly shows how your score compares to similar companies.

B-Corp Certification

Businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal ac-

countability to balance profit and purpose can be certified as B Corporations. Driven by a higher standard, B Corps are accelerating a global culture shift. Clearly, the world's most pressing challenges can't be fixed by nonprofits and government agencies alone.

“The B Corp community works toward reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high quality jobs with dignity and purpose,” according to the nonprofit [B Corporation Lab](#) website. “By harnessing the power of business, B Corps use profits and growth as a means to a greater end: positive impact for their employees, communities, and the environment.”

Becoming a B Corp—Certify your company for the good of the world

Certification requires three levels of assessment and commitment.

1. **Third-party assessment:** Certified B Corporations achieve a minimum verified score on the B Impact Assessment—a rigorous assessment of a company's impact on its workers, customers, community, and environment.
2. **Public transparency.** B Corps make their B Impact Report transparent by posting it on the B Corporation website.
3. **Legal accountability.** Certified B Corporations also amend their legal governing documents to require their board of directors to balance profit and purpose. The combination of third-party validation, public transparency, and legal accountability help Certified B Corps build trust and value. Learn more about [B Corp certification](#).

Why should you care?

An increasing number of stakeholders voice their desire to do business with businesses who are “certifiably” committed to purpose as well as profit. This expectation includes their service providers, including law firms.

Tools and benchmarks such as an EcoVadis report card and score and the B-Corp Certification are among the many tools and certifications which are becoming global standards.

Familiarity with these tools will help you serve your clients, as well as your own firm. Law firms who take the EcoVadis Assessment not only receive their scores, but also insight for areas they can improve, thus guiding CSR & sustainability planning going forward.

Your firm can determine whether becoming B-Corp Certified would be advantageous to its positioning and strategic differentiation by exploring the requirements for B-Corp Certification. According to the B-Corp website, there are currently 38 Certified B-Corp legal businesses around the globe. Opportunities still exist to differentiate your law firm by pursuing B-Corp Certification.

Coming up


In the next article in this series on CSR & Sustainability for Law Firms, I’ll discuss what a “holistic and transformational” CSR program looks like in the legal industry. It’s so much more than a pro bono program or a diversity and inclusion initiative.

For more information, read the previous articles in the series about the United Nations Global Compact and Why Clients Care.

About the Author

[Pamela Cone](#) has more than 25 years' experience in the professional services industry in marketing and communications roles, and more recently, building social responsibility programs in collaboration with clients and in alignment with the United Nations Sustainable Development Goals of 2030. She is the Founder and CEO of Amity Advisory, a consultancy to help firms strengthen their CSR programs beyond transactional to achieve truly transformational social impact outcomes.





Sales Professionals Find New Opportunities in the Legal Industry

By Silvia L. Coulter, MPS, Principal Consultant, LawVision

Research over the past four years is showing a slow-moving upward trend with law firms hiring professional sales people. This trend spans all sizes of firms from small to global. The backgrounds of these professionals varies, but primarily they come to firms from a solid background of success in the sales world, many having worked against assigned quotas and on partial commission. While some firms' leaders believe no one can do this job

except a partner, the firms taking the lead on hiring these professionals are realizing the benefits. Most of the time these professionals are very successful since they are generating revenue and know how to do this well. Some may earn more than partners as is the case in a few firms and that may cause some uneasiness among the partner ranks. The key is to help qualified sales professionals to be successful at your firm.

Mike Duffy, Director of Growth & Client Services, King & Spalding's sales expert add, "I think it will be harder to compete if you don't bring a business lens. At the end of the day, at least hire a senior sales professional to help go and coach partners to win business. A sales professional can help to create a meeting environment where the other people in the room feel like it's different, they are getting value from the meeting--They can walk away and have three things they had not thought of. How do you dig your well before you are thirsty? Anticipating clients' needs and taking a proactive approach is the best sales approach a firm can take. We did four DOJ investigations in the last four years. We prepare clients before the DOJ knocks on the door."

Is your firm sales ready?

It is important to distinguish between a sales person and a business development person. Often the titles are interchanged. A sales person is someone who is client facing and out in the "field" meeting new contacts and developing contacts for the firm. Their goal, and what is behind their motivation, is to win and drive new business and therefore new revenue. They generally measure themselves in terms of revenue volume they have produced or helped to produce. A business development professional is someone who helps partners with business generation and is more internally focused on business development coaching and assisting with revenue development. It's a fine line between both positions. To keep it simple, sales people focus mostly externally and BD people focus mostly internally. Last, marketing professionals oversee all the support areas to

sales. These include client relationship management ("CRM") databases, web sites, press relations and other media and marketing communications, marketing technology, and other important services to support client retention, client acquisition, and client growth activities.

There are some benefits and potential obstacles to hiring sales pros. We believe the benefits outweigh the obstacles. Namely:

Benefits:

- Knows how to sell. A solid sales track record; preferably an individual who worked on a base plus commission (in a law firm it would be base plus bonus based on specific revenue targets).
- An individual who is not afraid of a multi-million-dollar revenue target that includes client expansion and new client development.
- Extrovert who likes networking; Extraordinarily focused on hitting revenue targets and is self-motivated to "win."
- Does not get caught up in the details of the practices; knows when to bring in an expert.
- Has the time to stay connected to firm clients and relationships during "down/no matters" periods.
- Brings industry experience to the firm. Specialization and industry knowledge, coupled with sales skills far outweighs law firm experience—they can learn about the firm quickly.
- Clients like dealing with sales people and prefer their lawyers to focus on the legal work.

Potential obstacles to success in law firms:

- Successful sales professionals often need recognition of their success which doesn't come easily in a law firm environment—check to make sure the individual you are hiring understands this and is self-motivated.
- May not understand the nuances of the legal practices—often seen as a disadvantage by firm partners more so than by firm clients and prospects. We don't see this as a such a disadvantage since it is critical to know sales first, target industry second, and practice/services third. All skills and areas of practice are critical to have by month 6 at a firm.
- Firm partners may have difficulty letting go of client relationships for selling purposes to anyone never mind someone who does not have a JD.
- Sales people are fairly independent. It is unlikely they will report to anyone but a senior leader in the firm who is highly respected. Generally speaking, a successful sales person is highly unlikely to report to a marketing officer or director and last long term unless that officer or director has had direct sales experience and understands how to manage a sales team, or is an amazing manager of people. Like lawyers, salespeople tend not to do well under someone who is trying to “manage” them. Give them their goals and they will be off and running with the partners.
- Partners think they can “outsource” the sales responsibility to the sales team. This is not the case by any means. Partners are a key part of closing new work when an opportunity arises, and they need to stay engaged in the process.

Adam Severson, Chief Business Development Officer at Baker Donelson, offers some insights on his role and on making this position successful: “I work with lawyers to help guide their approach to individual client opportunities. Having been on 100s of client meetings, it's important to tailor your approach to a given client. I believe one size fits one when it comes to client relationships. I help them see their client visits on a means to solidify their relationships and learn more about their company, its goals and challenges. Inevitably something will present itself where we can add more value.

Additionally, I conduct pitch workshops that focus on various pitch scenarios using inquisitive selling; a question-based approach to understand needs. This prioritizes the pitch to client needs versus what we assume or think they need.

I specifically aim to be helpful and resourceful to my client contacts and that can mean a number of different things including industry survey data, case studies on legal operations, compensation benchmark reports, recruiters, and hopefully more services from my firm. One primary goal of nearly every general counsel is to reduce their outside legal spend. We've successfully partnered with clients to help them achieve this goal through the use of legal project management tools, implementation of AI tools for M&A due diligence, and a host of alternative fee options. If you approach clients by trying to be helpful, they see you as a representative and champion of the firm working to help them accomplish their goals.”

It is key to build support at the firm so the sales professionals can not only do their job, but also be recognized as a key “partner” with the partners to develop and grow client relationships. Without the support of top leadership and key stakeholders, the sales professional may be left on his/her own to build credibility. In turn, the firm loses valuable time in the client acquisition process.

Jennifer Keller, president and COO of Baker Donelson, agrees, adding that her firm has worked diligently to build support for the sales role. “Lawyers can be skeptical so wins and successes build support.” Keller notes that “creating a role for a sales and business development professional has been extremely valuable for the firm in at least two ways: First, the sales leader has fostered relationships by promoting the firm’s breadth of resources; and second, he has been an integral part of the teams pitching business – leading those teams, preparing attorneys for client meetings, challenging the involved attorneys on issues that are common to clients and helping to actually drive deals to closure.”

McGuire Woods’ Senior Advisor, Strategic Business Development, Christian Berger provides the following added insight: “The point is to provide value to the client beyond just billing and good outcomes (which are extremely important). But the law firms that have sales people who are good salespeople are able to provide value above and beyond doing good work. It’s real value. e.g., my top client, I brought them a proprietary deal. How many firms are introducing a carve out from a public company that actually closes.

Similarly, the prospective client confides in you that they are sick of their job. Now instead of me having to find a deal for them, I can introduce them to a bunch of new potential employers. The real value of a sales program at a law firm is client care—client retention. It’s extremely difficult since every prospect has relations with a law firm already so my focus is to take some of that burden off the partners and spend time developing these strong relationships with clients and the partners.”

One AmLaw 50 partner provided his input: “When we first hired our sales guy, most of the partners were aghast. But then he started winning new business and helping them win new business and all of a sudden everyone wanted a piece of him. Working with a real sales professional is exciting. Lawyers are quick learners and some of us who team up with these sales pros realize the nuances of selling and learn some new methods for staying focused on the opportunity from the client perspective. It’s really helpful. Our firm is winning new business all the time and I have to admit our sales pros are a big part of those wins.”

A question that often arises, should the sales professional have a J.D.? In our opinion, definitely not necessary. Sales experience is the number 1 criterion. Having a JD may give some lawyers comfort but a JD doesn’t guarantee sales experience nor does it guarantee knowledge about industry or all the practices. A sales person who has a JD is a fit, but a JD who wants to be a sales person may not always be the right model, and clients don’t care; they want someone who will pay attention to their account.

Permobil's general counsel Chris Javillonar advises, "Having someone focus on selling frees the partners to concentrate on the practice of law. I would rather my legal services be handled by the best attorney and not the attorney who can market the best."

In summary, our view is to let the lawyers do the legal work and hire a sales team to develop opportunities with new and existing clients. The firm's revenue numbers will grow for the better as a result of having a professional team who knows how to win new business, help lawyers win new business, and support clients for additional growth.

About the Author

[Silvia L. Coulter](#) is a co-founding Principal of LawVision Group. A sought-after speaker and recognized leader in law firm business strategy, Silvia assists firms with strategic business planning, key client retention and growth strategies, client service strategies, and leadership and organizational culture. She is an Adjunct Faculty member at George Washington University where she teaches in the Masters in Law Firm Management program. Silvia is the

co-author of [The Woman Lawyer's Rainmaking Game](#), published by West, and co-author of *Rainmaking Advantage*, and *From Key Clients to Strategic Accounts*, both due out in Fall 2019. She is a co-founder and active board member of the Legal Sales and Service Organization. In 2001 she was elected President of the Legal Marketing Association and was elected to the Legal Marketing Association Hall of Fame in 2010 and is an elected Fellow of the College of Law Practice Management.



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A professional headshot of a young man with dark hair, wearing a dark suit jacket, a light-colored shirt, and a blue patterned tie. He is looking directly at the camera with a neutral expression.

The New Kid on the Block

The young Israeli attorney
who's conquering the Israeli
legal sector

By Alex Ashton, correspondent Legal Business World

In the world of law, he is considered a phenomenon. He is only 33-years-old and is already recognized as one of the leading lawyers in Israel. Adv. Amit Hadad is the legal world's rising star, who has managed to work his way up the ladder in a highly competitive and saturated legal market. He leads Israeli Prime Minister Benjamin Netanyahu's legal team, and his achievements to date are simply astonishing.

Adv. Amit Hadad drives an impressive portfolio that contains a plethora of accomplishments. Already at the beginning of his career, he was designated by the late Dr. Jacob Weinroth as his heir and successor. Weinroth, who was the doyen of Israeli lawyers with significant international recognition, worked the most monumental cases in Israeli history, was an emissary in political and statutory issues (some of which remain cloaked in anonymity) and was a consultant and confidant to key state figures, most prominently the Prime Minister.

From the outset, the late Dr. Weinroth saw the immense potential of this young attorney, Adv. Amit Hadad, quickly promoting him to partner and positioning Amit as his right hand man – right up until his last day. Amit, who was his protégé, considered him a teacher, mentor and family member. Weinroth relied on Amit's abilities and acumen. He was involved in cases of political and security importance and assumed responsibility for very high profile clients.

Today, Adv. Amit Hadad is the head of a leading Israeli law firm, Hadad Roth & Co., that carries on the legacy of the late Dr. Jacob Weinroth and is considered one of the most prominent and successful law firms in commercial litigation and both financial and white collar criminal defense.

According to Adv. Hadad, from the moment he sat in his first "contracts" lecture at Hebrew University in Jerusalem, he "felt at home"; however – his original academic choice took him down a starkly different career path. With guidance from his parents, Amit attended a science-oriented school as a child and even embarked on a academic degree path in Computer Science. His mother was a probation officer who called lawyers "predators," and yet he found himself transitioning away from the sciences and into legal studies.

Retrospectively, says Amit, his calling to be a lawyer was apparent throughout his life. It started in grade school when he acted as a mediator between friends and teachers, even making claims on their behalf.

He was recruited by the Israel Defense Forces into the elite Israel Air Force pilot course, into which only the top-tier of Israeli youth are accepted. In the midst of flight training he suffered from medical complications, opting to transfer to the Israel Defense Force's military police, where he served as an investigator and intelligence officer.

Amit's method of investigation was unique and unlike that of his colleagues, and even then his talents as a litigator stood out, while he persuaded those being interrogated that admission is always the advantageous route.

Immediately after his discharge from the military, Amit wasted no time, enrolling in law school after scoring in the highest percentile on his pre-university exams. Amit is a summa cum laude alumnus of the Hebrew University of Jerusalem with degrees in Law and Criminology.

Amit's educational experience proved formative in developing his professional decisiveness. To finance his studies, Amit worked night shifts at Ben Gurion Airport's crime-prevention unit. In his second year, Amit began representing students before disciplinary tribunals at the university. He stood out and succeeded in all endeavors he undertook, and within a short time his circle of "clients" expanded into students at other academic institutions.

Amit, who relentlessly aspired to excel, drew his knowledge and experience from the best in the field. While a student, he served as a Research Assistant to Professor Alon Harel (Chair of Criminal and Administrative Law and Professor at the Faculty of Law at the Hebrew University) and Prof. Shimon Sheerit (Professor at the Faculty of Law at the Hebrew University in Jerusalem and a former Knesset Member and Government Minister in Israel) both of whom are his primary legal mentors.

Later on, Amit clerked for the late Supreme Court Justice Edmond Levy, a public law ac-

tivist who specialized in criminal law, who instilled in Amit values of excellence and perseverance – values that shaped him as a budding attorney.

After Justice Levy's death in the midst of his clerkship, Amit began to intern in the office of the late Jacob Weinroth who quickly recognized his talent, assigning Amit to work alongside him on many high-profile cases.

In 2014, he was chosen by Israel's leading financial outlet, *The Marker*, as one of the 40 most promising young people in Israel. That same year, he was chosen by *Forbes* as one of the 100 most promising young Israelis under the age of 30.

In 2016, when he was only 31, Amit also appeared on the list of the 40 most promising young Israelis of the *Globes* financial magazine.

Amit believes in his work as a lawyer and executes it faithfully. He is characterized as extremely sharp coupled with a cool temper, attributes that motivate him in the courtroom. His litigatory abilities are described as "extraordinary" and associate him with the "cold" kind of lawyers; Amit pauses a few seconds before dispensing an answer, states his claim in poker-faced moderation yet conveys it with necessary sincerity and gravity.

After the death of Dr. Jacob Weinroth, Amit set sail on his new journey along with Adv. Ariel Roth and other lawyers from the Weinroth firm, launching Hadad Roth & Co. Law Office, where Amit is careful to instill and preserve the legacy of the late Dr. Jacob Weinroth.

A significant moment in Amit's career, and one that charted his path as a top tier white-collar defense attorney, occurred during the Weinroth firm breakup, as the Prime Minister chose Amit Hadad to assume the role of the late Dr. Weinroth as Benjamin Netanyahu's lead attorney and legal advocate.

Apart from the Prime Minister, Amit's clients comprise a list of prominent public figures, among them the Mayor of Haifa, represented by Amit in the framework of her successful mayoral campaign; the former CEO of Bank Hapoalim – the largest bank in Israel; the Prime Minister's wife, Mrs. Sara Netanyahu; a lieutenant colonel in the Israeli intelligence corps (reserves); businessmen, CEOs and directors, commercial companies and more.

Despite his young age, Amit believes in generating clients by the age-old method of 'one client brings another one'. He is familiar with today's new and popular marketing methods, but still chooses to operate by the "old school" ethos and believes that good work brings more good work. Many late nights you will find Amit at a client's home who asked for urgent and immediate assistance, setting up a legal "operation room" that works around the clock at problem solving.

In an era in which most lawyers invest significantly in media, ranking guides, etc. – Amit believes in the personal relationship with the client, directly correlating to the development of additional clientele.

Currently, Amit is leading the establishment of a Committee for Prisoners in Israel. According to Amit, Israel has not towed the line with other

countries when it comes to prisoners' early release practices. Amit believes that holding a person under inhumane conditions does not allow a prisoner to preserve his or her human dignity and thus does not lead to real change. According to Amit, prison does not deter from criminal action, and the emphasis should shift from incarceration to enforcement.

Israel is the world's most saturated and competitive legal market, with over 3000 new attorneys joining the Israeli legal market every year. Israel holds the world record for the number of lawyers per capita: 1 attorney per approximately 128 Israeli citizens.

With these growing numbers, coupled with the entry of international law firms into the country, the erosion in the status of lawyers as well as in their fees, it is very difficult for a young lawyer to stand out and manage a successful career in a relatively short period of time.

Adv. Amit Hadad has managed to stand out at the young age of just 33, and is already considered one of the leading attorneys in Israel. Notwithstanding his impressive accomplishments, there is no doubt that the peak of his career is yet way off in the future and will certainly impact Israeli jurisprudence for decades to come.



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The Value Series

A ClariLegal interview with
Dennis Kennedy, consultant
and Adjunct Professor of Law

By Cash Butler, founder of ClariLegal and
James Johnson, principal attorney of First
Venture Legal.

We recently had the privilege of interviewing Dennis Kennedy, a legal technology and innovation advisor, well-known legal technology and innovation author, podcaster, and professional speaker, and an adjunct law professor in the LegalRnD program at Michigan State University College of Law. Dennis practiced information technology law for many years before retiring as Senior Counsel, Digital Payments & Labs, at Mastercard. In that role, Dennis supported teams working on new payment technologies, including mobile wallets, APIs, and blockchain, as well as R & D, innovation, and financial inclusion.



We first asked Dennis the main question of what value means to him. Dennis says that he likes the definition that emphasizes that value is “the extent to which you actually meet a customer’s explicit and implicit needs.” Dennis believes that value should be customer-focused, looking holistically at a customer’s needs, from the customer’s perspective. He sees a value as a continuum – a “sliding scale” of value.

He says, “the extent to which you’re meeting those customer needs helps you gauge how valuable the work you’re doing and the service you’re delivering is.”

We then asked Dennis how he has looked to deliver value and to measure his delivery of value in his long legal career. Dennis begins by noting that, at MasterCard, one of the key principles in the law department was having “business acumen.” Simply put, to effectively deliver value to a client or customer, you must deeply understand that client’s or customer’s business. He believes that delivery of value requires a service provider to understand three key factors, especially as all business increasingly become technology businesses, and how they fit together. First, you must understand “the technologies at the root of the client’s or customer’s business at least well enough to be able to explain it to business partners in negotiations and ask the right questions about it to the business team. Second, you must understand your client’s business goals and objectives. This helps you “ask the right questions, understand timeframes, deadlines, and product launch targets, be aware of the pressures on people, and be committed to what your client is trying to accomplish”. Third, one must understand the constraints on the client’s or

customer’s owners, managers, employees, and even their own clients and customers. This is what he considers a “holistic approach.” In the end, Dennis argues that business acumen requires you to know deeply how the various aspects of a customer’s ecosystem fit together with those of business partners and how legal services facilitate the success of this ecosystem.

As for measuring the successful delivery of value, Dennis first notes that measuring the delivery of value is a “constant work in progress,” with continuous improvement as an overarching goal. The legal industry appears headed slowly toward the adoption and use of metrics to measure the successful delivery of value, but Dennis emphasizes that good and actionable metrics are key to ensuring that a legal department or an outside counsel or outside legal service provider is not causing friction or delay in the client’s or customer’s business operations. For example, you might measure whether services are being delivered according to the client’s or customer’s own performance metrics, deadlines, and launch dates. This alignment is another part of business acumen. In addition to metrics, Dennis also believes that measuring the successful delivery of value requires empathy and putting yourself in the position of the business owner or manager.

Ultimately, Dennis says that measuring the delivery of value is a balance between quantitative and qualitative measurements. Dennis notes that there has been a trend over the past few years to incorporate more quantitative metrics, such as whether services providers are meeting the client’s operational deadlines, how internal and external service providers

are delivering value to the company, and use of key performance indicators and OKRs (objectives and key results). He personally likes the term “deal velocity” when describing the time from deal initiation to contract signing. Although many measures, metrics, and indicators are being used outside the legal industry, it is often hard to get everyone to agree on the key metrics and numbers to measure and adoption. Dennis acknowledges that the adoption of metrics in measuring delivery of legal value is still in the early stages, but he sees the area as one in which there is great opportunity for innovative legal service providers.

We next asked Dennis for his thoughts on how value is actually communicated in the legal industry. Dennis sees stumbling blocks in the value exchange, often starting with vocabulary and language. Lawyers often don’t speak the language of business or technology, let alone get to the point of seeing value from the business perspective.

Dennis noted how outside counsel too often failed to understand the client’s sought value or the issues the business was facing and, even worse, did not bother to ask questions about the business components of the issues while they over-focused on tangential legal nuances. Dennis realized long ago that he didn’t want a “traditional legal approach” from law firms to address business issues. To illustrate what he meant, he gave an example of when his company, in creating click-through agreements for developers to use the company’s API, wanted outside counsel to use their experience to identify those contractual provisions that were “standard” or “market” in the industry to create a simple, easy-to-understand agreement, rather than a massive, comprehensive agree-

ment under the traditional legal approach that could drive developers away. Dennis found that those firms who took the “comprehensive” approach didn’t understand the company’s technology or business and wanted to create agreements that would cause unnecessary friction.

When we asked Dennis whether legal service providers and their clients are adequately communicating with one another about value, he sees difficulties in current communication and collaboration. For example, Dennis notes how many clients fail to conduct the important step of asking key questions of their legal service providers about how the services will be provided and what innovative approaches might be employed. Dennis believes that many clients don’t ask enough question, such as how their matter is going to be staffed, how the deliverables are going to be defined, what the cost will be, how it will be billed, or even whether a prospective firm has the requisite specialized expertise.

Dennis recounted the story of how he had to teach outside counsel about Open Source licensing basics, so that the firm could do the due diligence review they were hired to do. He noted that the outside counsel was earning much more per hour than he was. A similar, and all-too-common issue, is law firms and legal service providers who merely assume they know what is important in a specific matter and what the client’s business is about, without asking the client what is important to it and its business or what the client’s approach or risk appetite is.

We moved to the topic of RFPs. Dennis is a fan of vendor management tools and technologies

that enable both sides in the legal industry to communicate with one another about value. Dennis noted that more and more the discussion about value in legal services is often driven by companies' finance and procurement teams, in some cases at the CFO level, rather than companies' legal departments. Dennis believes legal RFPs are much too complicated and time-consuming and that the concern in the legal services industry about "pages and pages of information gathered for RFP responses that they don't feel are read" is on target. Instead, Dennis wants RFPs to be simplified and standardized to be usable and actionable and allow meaningful screening of prospective service providers.

Dennis gave the example the Common Application now widely used for college admissions applications so prospective college students don't have to fill out many unique, but quite similar, college applications. He would like to see at least the consideration of a similar approach for RFPs for legal services procurement – having simple, common questions for everyone to answer, on a platform that allows service providers to answer questions easily and allows clients to read and compare those answers easily.

To end our interview, we asked Dennis for his final thoughts on value in the legal industry. Dennis is a big advocate for using panel consolidation to drive innovation and collaboration in legal services. Dennis also encourages law departments to develop the discipline to punish or even fire firms that aren't delivering the client's explicitly sought value. No more business as usual. Dennis further argues that it is imperative that lawyers understand technology, as well as understand technology

businesses. He said that it is "unacceptable and intolerable" for clients to continue to deal with lawyers who refuse to understand this point and to do the necessary work, on their own dime, to get up to speed. Dennis is intrigued by how the legal industry will respond to the movement to a platform economy where the most successful businesses are becoming both cross-industry and cross-discipline, where platforms and marketplaces play a vital role. Finally, Dennis encourages law firms and legal departments to collaborate in better ways and work together to make legal budgets more controllable and more disciplined. As he likes to say, "there is value in value."

Disclaimer: The statements of the interviewees in the Value Article Series are opinions and observations of a personal nature and do not necessarily reflect the opinions and policies of their respective employers.

About

[James Johnson](#) is principal attorney of [First Venture Legal](#), a Cambridge, Massachusetts-based law practice focused on corporate and

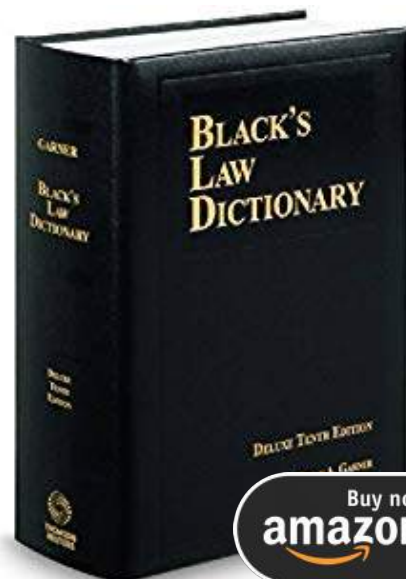
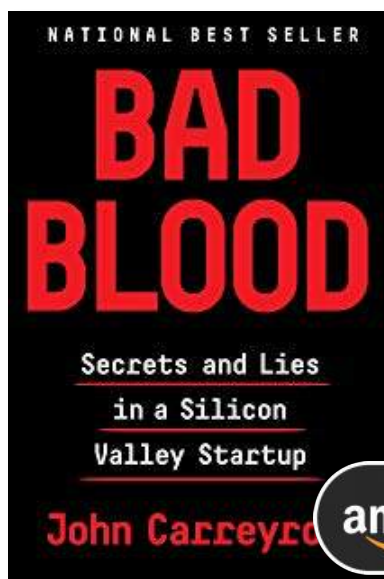


transactional law for very-early-stage startups. James assists entrepreneurs and small business owners with corporate formation and structuring, contracts, commercial law, employment matters, and early-stage fundraising. His practice utilizes alternative fee structures to deliver value-based service to early-stage ventures. In addition to practicing law, James works with ClariLegal, focusing on building out its innovative platform and spreading the word of ClariLegal's mission to reduce cost and complexity in legal vendor selection and management for law firms and corporations.

[Cash Butler](#) is the founder of ClariLegal. A seasoned legal technology innovator, Cash has over 18 years of experience in the legal vertical market, primarily working in eDiscovery, litigation & compliance. Cash is an expert in legal vendor, pricing and project management.

[ClariLegal](#) is a preferred vendor management platform for legal services that improves busi-

ness outcomes. Made for legal by legal experts. We match corporations and law firms with preferred vendors to manage the work through a fast and complete RFP and bidding process. ClariLegal's platform allows all internal client segments to improve business outcomes across the board – predictability, time and money. [Learn more](#)





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But actually, there are at least three problems with this advice:

Problem #1: We already ARE...

Most of us as lawyers already believe that we are already trusted advisors to our clients. It is one of the fundamental elements of practicing our profession.

Do you agree?

I believe that we all have earned and maintain our clients trust in the areas of confidentiality and competency. Thus, we are already trusted advisors.

[or at least most us, who properly practice our distinguished profession].

Problem #2: We already “checked the box”

If you agree, that we are already trusted advisors, where is the challenge?

In other words, we mentally “checked-the-box”, since this goal is already achieved and no further action need to be taken.

Problem #3: We are already Passive

Actually this problem is a direct result of problem #2 — we become more passive, since no action need to be taken to become a ‘a trusted advisor’.

But as you know from [my previous articles](#), that to build your authority in the market place you need to be active.

This brings me to only one conclusion —

Though passive trust is critical to authority building in the legal environment, this is more related to “transactional Authority”.

For “Transformational Authority” — the one I want you to learn to build, active trust is needed.

I dearly believe that each one of you, my dear reader, as a lawyer is perfectly positioned to become a transformational authority, and our legal market desperately need lawyers to build their authority and stand out but focusing more on building active trust.

So, I created a list of 8 actions you need to take (or may need to stop doing) to equip lawyers,

like yourself, to build active trust, become a transformative authority and Stand Out!

ACTION #1: WALK THE TALK

As the idiom – “Action speaks louder than words”.

In other words, what you do is more important than what you say, because the things you do show your true intentions and feelings.

I know what you thinking –

I am already doing that, I already showing my clients I deserve their trust.

Really? Are you? How?

Because you wrote on your firm website that you are a “trusted advisor”? Or maybe you communicate regularly on social media how awesome you and your practice are?

Sorry, but these alone aren’t goanna to build your transformational authority.

You need to show that you are, don’t tell.

You need to show your expertise on a regular basis, in everything you are doing; in any project you are involved, in any business development activity, constantly and consistently. This is how you build active trust.

And when you do, do it better than anyone else!

ACTION #2: SPEAK UP & GET ENGAGED

You need to be involved and engaged in conversations offline and online.

But are you one of these lawyers that have something to say but are afraid to speak up?

Maybe that will help you –

To be involved in a conversation does not mean you need to be the most knowledgeable lawyer on a specific subject or that you have all the answers.

The opposite.

You do have to be willing to:

- Ask relevant and uncomfortable questions
- Talk openly and authentically
- Express your views.
- Talk about important changes in the area of expertise
- Etc.

This is the way you transact active trust and your target audience will begin to see you as a transformational authority on industry-related topics.

ACTION #3: ATTRACT LIKE MINDED

What do you answer when people ask you – “what do you do?”

If it starts off with “I am a _____ lawyer...” – you walking further away from building active trust with your tribe.

To attract like-minded people – it is much more interesting to share your vision as a lawyer.

But do you know yours?

I want blame you if you don't or if you never got to think about the answer to this question. Many lawyers don't!

To find your answer - ask yourself the following questions:

- In your area of expertise - what do you stand for?
- What are you determined to bring and transform in your legal field?
- Do you stand for something in your legal field that the rest of your industry doesn't?

Once you've found your answers, commit to them and you're further on your way to becoming a transformational authority with the support of active trust.

ACTION #4: BE AN EFFECTIVE LEADER

Effective leader - sound like a slogan isn't it?

What I mean is that focusing on and maintaining your status quo will not get you to be an effective leader.

As an effective leader, you need to do everything that it takes to ensure growth and profitability in the future.

Only then, you strengthen your transformational authority position in the market place.

ACTION #5: KEEP ON LEARNING

I am not trying to encourage you to get another degree or to go back to school. This is not what will make you into a transformational authority.

I refer to the process of keep educating yourself on relevant and trending legal topics in your field and staying up-to-date and current with whatever is happening in your industry.

Another way is to keep learning what the movers and shakers are doing in your legal industry. Then study up on what the not so successful have been doing so you know what to avoid.

Finally, I will suggest that to build your transformational authority you need to educate yourself also on the success stories coming out of other industries. You can then examine and see if they apply to your legal expertise. You never know.

All these action together will impose your transformational authority position in the market and specifically with your target group.

But are you willing to sacrifice your time to keep learning? Now, you understand why not many lawyers are building their authority position.

ACTION #6: BE CANDID & OPEN

I have always been a huge proponent of candor, also in my time as an employee and a leader in different organizations.

In fact, only after I met and spent time with [Jack Welch](#), the former CEO of GE, I realized the rarity of candor in leadership and in building your authority position within an industry.

Lack of candor basically blocks smart ideas, fast action, and good people contributing all the stuff they've got.

In a short article written in 2005 (!) by Lisa Vollmer, in the [Stanford Business Review](#), the author summarize Jack Welch's strategy how to create candor in the work place. According to Jack Welch, companies that develop extraordinary products and services do more than gain market share — they represent the very foundation of society.

“I would call lack of candor the biggest dirty little secret in business. What a huge problem it is. Lack of candor basically blocks smart ideas, fast action, and good people contributing all the stuff they've got. It's a killer.” — Jack Welch

Transformational Authority is no more than using Candor to communicate with others in a respectful, efficient, and impactful way.

Being candid and open helps you solidify your status of knowledgeable authority and lets people know you're the real deal.

It's real conversations. It is a very important component for the growth of you as a lawyer, and unfortunately nowadays it is the biggest obstacle in the growth of many lawyers in the market.

I really believe that candor is one of the critical behaviors that determine the effectiveness of lawyers and their ability to build an authentic and impactful transformational authority.

ACTION #7: HAVE A NICHE FOCUSED

I know, I know...you heard it so many times before.

Many of the lawyers I meet, maybe you are one of them, do not have a niche practice.

All of this emphasis on knowledge and expertise may seem elementary and obvious, but I see on the other side, many lawyers entering niches without much knowledge of those niches.

Let's stop a moment and think.

You may need to let go of what you think you want to be an authority on and consider what it is you actually know. Because remember — you are an expert already (by being a lawyer and studying law).

If you need to remember one thing from this article, it's this:

Nothing helps you become an authority on something then spending a whole lot of time on that something.

As a lawyer, not only do you have the experience and knowledge to speak with authority on this thing, but also you have the INTEREST.

Having a targeted, focused niche in which to specialize doesn't limit your audience, but rather attracts a very captive audience. It's the perfect combination to become a transformational authority.

ACTION #8: STRENGTHEN YOUR SELF ESTEEM

Let me ask you an important question —

Do you sincerely believe in yourself as a significant, worthy and also capable member in your industry?

You see, in order to build your transformational authority behaviors, it appears that an

individual first needs to have high levels of self-esteem.

A lawyer with high self-esteem has self-respect and can accurately assess strengths and weaknesses.

Lawyers with high self-esteem may find transmitting enthusiasm and positivity to their connections and tribe more natural too. Thus, building faster their transformational authority.

One advice – building your self-esteem is always work-in-progress.

ACTION #8: BE INSPIRING

We cannot talk about transformational authority without dealing with one of the most important components, which is – being inspiring.

Although we found that many different attributes help lawyers inspire other people, we also found that you need only one of them to double your chances of being an inspirational transformational authority.

This is the same trait found by Eric Garton in his article in Harvard Business Review [“how to be an inspiring leader”](#): Centeredness.

And in Garton’s words:

“This is a state of mindfulness that enables leaders to remain calm under stress, empathize, listen deeply, and remain present.”

How is it possible that unhappy, unmotivated and disengaged lawyers could possibly become

a transformational authority in their field? They can’t.

That’s why this is the special trait that make a big difference between Transactional Authority and Transformational Authority. It is up to you as a lawyer to become someone who will inspire your audience and clients to be what we know we can be.

LAST THOUGHT

Drawing insight from Eastern philosophy, “If you want to change the way of being, you have to change the way of doing.”

I believe that there are similarities between building your transformational authority position and “transformational leadership”, a concept introduced by James McGregor Burns in his 1978 book, [“Leadership.”](#)

He defined transformational leadership as a process where:

“Leaders and their followers raise one another to higher levels of morality and motivation.”

Bernard M. Bass later developed the concept of transformational leadership further in his 1985 book, [“Leadership and Performance Beyond Expectations,”](#)

For the sake of our development of the concept of “transformational Authority”, we will adapt similar concept and claim that if you want to become a transformational authority in your field, you need:

- To be a model of integrity and fairness.
- To set clear goals.

- To have high expectations.
- To encourage others.
- To provide support and recognition.
- To stir the emotions of people.
- To get people to look beyond their self-interest.
- To inspire people to reach for the improbable.

When you follow these guidelines (or a least most of it) you will stand out in the crowded market place and build an authentic transformational authority position.

Moreover, your services and solutions will become more relevant to your prospects than those of your competitors.

Mission accomplished!

Want to discover more on how to find your Expert Unique Perspective build your authority in your field – and the steps you need to take?

Download [my workbook](#) [for free] [here](#) and answer all the relevant questions or [schedule a strategy call here](#).

If you have any specific questions with regards to building your authority position and your personal brand or need our help in building your authority position and attract more of the right clients consistently, [please send us an e-mail](#) and share it with us. We definitely can help!

Now, go out there and STAND OUT!

About the Author

[Itzik Amiel](#) is considered the global leading authority on Business Development, Business Networking & Personal Branding. He is a sought-after international speaker, trainer, business mentor, & attorney-at-law. He is also the bestselling author of “[The Attention Switch](#)” & Founder of [THE SWITCH®](#), the global community for professionals to grow their practice. Itzik teaches Lawyers and other professionals to attract and win their ideal clients by becoming seen as authorities in their field and to SWITCH their relations to Referrals+Revenue+Results.

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Game Change

The New Age of Diversity Regulation

By Valerie Kennedy, corporate lawyer and diversity practitioner



For multinational companies and the law firms that represent them, regulatory mandates in the EU that target wage inequity and board diversity represent a new era of diversity enforcement. EU countries are not typically regarded as being in the vanguard of leadership on diversity issues. Yet, according to the World Economic Forum's Global Gender Gap 2018 Report, EU nations lead the U.S. in overall gender parity. [1]

The diversity reforms introduced in the last year are an important step forward. Compelling companies to provide the public with more line-of-sight clarity about wage gaps and governance represents a valuable lever for change. The policy dialogue around corporate diversity has chiefly focused on gender parity.

However, it is now broadening to address problematic workforce trends that impact racial and ethnic minorities. This month, the Financial Times began a compelling video series on diversity focused on the impact of race on employees in the workplace. Delving into such thorny territory is an undeniable reflection of growing public impatience and awareness of workplace equity gaps.

The willingness of state actors to serve as diversity champions that recognize the public's interest in equitable practices is an important step forward. Sanctioning regulations that activate new standards of transparency and corrective action promises to both rewrite the rules of business conduct and reinforce new workforce norms.

Member EU countries share a history of regulatory activism. State engagement in social dialogue, government investment in economic growth, and alertness to labor market dynamics are familiar themes. Flexing state regulatory muscle to initiate legal measures which disrupt gender-gap trends in governance and compensation reflects this history.

Government action in the diversity arena also reflects the changing landscape of the international political and business climate regarding equity issues in general.

And the times, they are a' changing. The election of women to prime minister roles, the selection of women CEOs for global companies, including IBM and Sodexo, increasing public pressure, and emerging research about the business value of diversity have sparked momentum around structural changes. Furthermore, private equity firms are paying increasing attention to diversity as an ESG priority and competitive factor in the investment decisions of institutional investors. In June of last year for instance, the Chicago Teachers Pension Fund passed on Blackstone Corporation and Brookfield Asset Management as managers for a \$50 million infrastructure allocation due to concerns about low diversity numbers at both firms.

The emergence of a regulatory model for industrialized nations that enables scalable diversity best practices represents a huge development. Catalyzing next-gen norms for corporate accountability and reporting has implications not only for developed markets, but for emerging markets that will likely follow suit.

Most importantly, these mandates create bright line rules for corporate behavior and key performance indicators regarding diversity. Companies operating on a global scale and their counsel must now consider business risk and liability through a diversity compliance lens. Moreover, from a mergers and acquisitions or investment perspective, the diversity performance of companies will likely represent a due diligence consideration and competitive factor.

As a long-standing “hot button” issue in the United States, diversity has been framed primarily in terms of workplace culture and inclusive hiring. Defined by an HR lexicon of terms such as unconscious or implicit bias and inclusive values or neuroscience ones such as confirmation bias, diversity has typically been linked to talent and workforce issues. The path that connects the dots between D&I principles and corporate decisions about talent, social impact and inclusive engagement is a clear one. However, diversity's relevance to business priorities within the domains of corporate strategy, capitalization, risk management and economic growth has been far murkier.

Characterizing diversity as a bona fide business imperative has been an open question that has been difficult for senior leaders to address. Even with compelling data from firms like McKinsey which touts the performance success of diverse teams, corporate discussions about reputational risk, and the competitive advantage gained by having diverse voices

identify new business opportunities, skepticism abounds. The business case for diversity has been a hard sell.

The shifting tides of heightened regulatory scrutiny and enforcement of equitable practices promises to change that.

In April 2018, the UK required companies to report on their gender wage gap trends. This past October, UK Prime Minister Teresa May introduced a Race at Work Charter committing employers to standards for improving the recruitment and advancement of ethnic minorities. The charter was signed by major firms such as Norton Rose Fulbright, Lloyds Banking Group, Saatchi & Saatchi, and KPMG.

This year, a UK mandate is being considered that would require companies with 250 or more employees to report on their ethnicity or BAME (Black, Asian, and Minority Ethnic) pay gap data. This development was spurred in part by the pivotal McGregor-Smith Review of Race at Work survey and a study released this year by the Centre for Social Investigation at Nuffield College. The center's study found that the level of discrimination faced by blacks and South Asians in the UK labor market hasn't declined since the late 1960's and 1970's. Data showed that Blacks and South Asian job seekers needed to send out 80% more applications than their white peers to garner a positive response from prospective employers. In addition, the UK's Labour Force Survey data confirms significant pay gaps between White employees and BAME employees. A difference that contributes to poverty rates being twice as high for BAME groups.

In support of the ethnicity wage gap proposal, several companies have agreed to voluntarily disclose ethnicity wage gap information, including Citigroup, Stella McCartney, KPMG and the Bank of England. A valuable effort, but it's not enough. In March, PWC released survey results showing that due to apprehensions about legal fallout and GDPR guidelines on collecting data, only 5% of large companies tracked ethnicity-based wage gaps.

Nonetheless, the mandate for this reporting remains intact. UK think tank Resolution Foundation estimates that the income loss for employees impacted by the ethnic salary gap is approximately \$4.2 billion (£3.2 billion) a year. In-house counsel should take proactive steps in advance of a reporting requirement regarding ethnic wage gaps to identify data collection processes that comply with legal and regulatory standards. Experts believe strongly that the UK's strong commitment to improving workplace equity outcomes will result in the passage of an ethnicity wage reporting law.

The UK is not alone in its commitment to more robust diversity regulation. [2] At the end

of last year, Iceland became the first country to mandate that companies pay men and women equally. In the same quarter, Canada's parliament passed Bill C-86 which fortifies the country's Labour Code. The new legislation includes pay equity protections that require employers to establish a pay equity committee and the creation of a federal pay equity commissioner who will have oversight authority.

South Africa, which leads the world in gender wage gap inequality, requires employers to report on wage gap data and information that explains salary differentials for women and men of color under its 1998 Employment Equity Act. In addition, the country's voluntary King IV Codes and mandatory Johannesburg Stock Exchange governance provisions direct boards to develop a plan of action for addressing wage gap differences within their workforces.

France, which passed a gender neutrality mandate for corporate boards in 2011, now leads the EU in the gender diversity of its corporate boards. According to the 2018 report of European Women on Boards, women represent 44.8% of France's corporate boards, making the highest-ranking EU country for board diversity. In order to strengthen its gender neutrality mandates, France now plans to fine companies that fail to disclose information related to pay equity gaps.

In the U.S., two developments indicate growing regulatory resolve here as well at both the state and federal levels. In October 2018, the state of California in the U.S. recently passed the widely-heralded and criticized Senate Bill 826. [3] The bill imposes a board quota requirement for any public or foreign company with executive offices in California. By the end of 2019, one woman must be sitting on that company's board. By the end of 2021, companies with five directors must have two women on the board and those with six directors must have three women in board seats. Failure to do so will result in fines beginning at \$100,000.

At the beginning of 2019, the U.S. Securities and Exchange Commission released guidance interpretations regarding corporate proxy statements and disclosures related to the background of board directors. The SEC offers this directive "Item 407(c)(2)(vi) of Regulation S-K requires a company to discuss the nominating committee's process for identifying and evaluating director nominees, including discussion regarding any director diversity policy and the manner in which its effectiveness is assessed."

This guidance statement aligns with the transparency provisions that characterize the reporting mandates under the aforementioned EU regulations. It signals the SEC's alertness

to the importance of inclusive board selection processes and accountability that starts at the top. For company leadership, the SEC interpretation of the highlighted Regulation S-K provision signals that companies will need to make their diversity commitment more explicit through leadership selection and a process that bolsters good faith efforts to be inclusive.

In sum, the aforementioned developments represent both a new enforcement framework for diversity priorities. These reporting and accountability reforms harness the regulatory leverage of government and codify public expectations of transparency and good faith. More importantly, these new mandates centered on wage-gap deficits and board diversity will facilitate a market-facing and compliance –centered discipline at global companies concerning diversity. This approach places the emphasis on comprehensive, structural change that can shape corporate strategy and executive-level decision-making.

Moving forward, it's critical that executive leaders and their counsel map out an execution strategy that mitigates liability/legal exposure and risk related to these new diversity-driven mandates. The following priorities should frame next steps:

Development of compliance, compensation, and risk management diversity benchmarks for senior leaders and managers which guides the design of a process and audit pathway that mitigates risk, improves outcomes, and strengthens organizational line of sight re: pay equity and board selection deliberations

Completion of a competitive analysis and scoring model that examines the business consequences/financial costs associated with the company's strategic strengths and weaknesses in the global market place and investor community due to its diversity and inclusion performance

An assessment of due diligence milestones (assets, liability, transactions), workplace trends, and overall organizational fitness through the lens of diversity, transparency, and “north star” objectives to create greater company equity

Finalizing an outreach plan for building broader and more diverse pipeline of social and professional connections for the company

Multinational companies are on the frontlines of state efforts to address economic inequity. In this new era of diversity enforcement and global attentiveness to problematic corporate behavior, outcomes matter more than ever.

In response to regulatory oversight, companies should work to benchmark progress and accountability with respect to wage gaps and governance decision-rights. Most importantly, in this new regulatory climate, leadership, including corporate directors, should work to create an aligned, virtuous cycle of equitable decision-making, operational integrity, and economic growth to advance impactful solutions for change and compliance.

Notes

[1] The three highest ranking countries for gender equity are Lao PDR, Barbados and the Bahamas respectively.

[2] Denmark passed a pay wage gap reporting mandate in 2007, one of the first in the EU.

[3] Senate Bill 826 and its quota-based approach to reform has been subject to concerns about its constitutionality due to the Equal Protection Clause and the internal affairs conflict of laws doctrine. Under the internal affairs doctrine, which directs that one state shall have jurisdiction over a corporate entity, a question arises about California's jurisdiction over a foreign corporation.

[Valerie Kennedy](#) is a corporate lawyer and diversity practitioner who practices in New York City.

Her legal experience includes both Biglaw roles at the firms of Skadden, Arps, Slate, Meagher & Flom and Cravath, Swaine & Moore and positions in the public sector. She served as the City's first Diversity Officer at the New York City Economic Development Corporation and as a Senior Mayoral Advisor on diversity matters in the Mayor's Office of Appointments.

She has spoken about diversity before New York City's Gender Equity Commission, Columbia University's School of International and Public Affairs and at the Womensphere Conference. She is well-versed in diversity and equity issues pertaining to race and gender

Selection of the Month is a random article (website only publication), selected by one of the Legal Business World Editors



Replacing Complex Work with Smart Work

the Scenario in the (Indian)
Legal Tech Market

By Rohan Mahajan, Founder at LawRato.com

“Legal tech” in typical words means implementing the latest technology such as artificial intelligence, algorithms and machines to supplement, enlarge or extend the capabilities of all affected by the legal sector. This definition may seem clichéd but one cannot turn a blind eye towards the entwining of the two.

The legal industry has been experiencing an era of transformation owing to the much needed advent of technology. Now, the relationship between law and technology seems interlaced and inseparable. It cannot be denied that technology has supported the legal business world and brought in a modern work culture.

Not only has the technology aided lawyers to research for their matters and arguments, it has also brought in a range of other possibilities resulting in the emergence of a large number of legal tech companies all across the globe. Many such legal tech companies are dealing with online services such as creating contracts, patent/trademarks filing, online legal documents, database for legal research, among many others. However, the most valuable or beneficial development in this legal-tech field seems to be the establishment of platforms through which clients can find lawyers.

LawRato.com is one such leading start-up in this arena. It is an interactive online platform enabling clients all over India and even abroad to hire and find the best lawyers for any court in the country. Its mission is to make the legal experience smooth and incredibly easy for the distressed clients.

As funny as it may sound now, in the olden days, if an individual had a lawyer in the family, only this lawyer would be approached for every legal need, requirement and question, whether it was his area of expertise or not. It goes without saying the fee taken by the family lawyer would be “concessional”. In other cases, when one didn't have a lawyer in the family, you'd have to look for one and it was never easy to find advocates and attorneys with the requisite and appropriate expertise for your matter. It functioned on the basis of word of mouth.

This huge problem of finding the best

advocate, and for the advocate to find apt clients was definitely made easier after such legal services by legal tech companies made their way. The lawyers on LawRato have to complete a thorough profile about their education and legal practice. This can be reviewed by the person looking to hire a lawyer. This ensures that you get the lawyer that suits your needs.

Not only are the clients benefitted by getting a chance to assess their probable lawyers and finding the one that resonates with their case, even the advocates benefit by being on such platforms. They get more clientele and of course those cases/matters that match the lawyer's experience. It is definitely a win win situation for both.

LawRato is helping ease the issue of transparency and efficiency in the client-lawyer relationship and is bridging a gap between the two. Apart from helping clients find attorneys, it is also providing a platform wherein real people can post their legal queries and questions and get them answered by legal professionals, absolutely free of cost. It also renders a service of chatbot with a friendly interface as a tool to reach a solution to their real problems.

Talking about the legal tech world, what is even a start-up without a mobile app? LawRato has not stayed behind and built a one of a kind phone application that allows lawyers and even clients to automate their ‘legal worries’. It helps in managing court dates with live updates and notifications on cases across every court in India.

Future of Legal Tech in India

We see how the industry is already changing and growing, and the legal scene is being made easier and more convenient for the public at large due to the areas which the legal tech companies are tapping. It is no secret that India is a country with a gigantic population and on record there are around 1.5 Million lawyers practicing to cater to the legal needs of a soaring population of 1.3 Billion people. In order to make this proportionate, we need a larger number of lawyers. Since this is the situation, in India especially, the technology in the domain of legal practice has a vibrant and dynamic future. The new age tech-savvy lawyers in the country are proactive and seeking to get accustomed to new systems of working and getting work done. They are aware that by harnessing new technology in the legal space, they will be a step ahead of those that are functioning with the same, age old, traditional practices in the field.

Although, Indian legal tech start-ups are looking into online services and products just like the rest of the world, namely, contracts, legal documents, helping clients find advocates, online filing services, etc., the implementing of tech has the potential to make the legal practice in the country reach new heights. It is also anticipated that AI would be able to predict the possible outcome of litigation, thus helping the lawyer, or at least giving him/her a direction to providing adequate solutions to the client.

The debate on whether a lawyer can be completely replaced by technology / AI, remains and in the current times, such replacement seems like a distant reality. For now, though, the future of legal tech start-ups in the legal

research and lawyer search portals seems very bright. LawRato, built in 2015, for example, has been continuously growing and expanding and tapping into different arenas till date. To solve the major legal issues mentioned, it has forayed into this field using the most recent and updated technologies, including AI, data analytics, machines, coding, etc.

Considerations a legal-tech start-up entrepreneur should not ignore

The world is becoming faster and the legal world is not going to be far behind as long as innovation and technology are woven with law. This is the time when legal tech start-ups can truly shine and set their niche since without a doubt there lies an even brighter future for tech in the legal field.

An entrepreneur must keep some things in mind if he/she is planning to or already running a legal tech start-up, apart from the other general considerations. To begin with, a legal tech start-up should place itself as a tool of service and not as a competitor in the market. It should be the prime aim of such start-ups to develop novel processes and technology in order to make it easy and effortless for lawyers to solve and fulfil their clients' issues and needs. It is important to gain the trust and support of lawyers as this would help in scaling up your enterprise and will also motivate you to make new products and develop new technology. It is of prime importance that you fully understand the legal world in the respective country of your business - how the courts run, the laws, the legal needs of and the problems that the people of the country face, etc. It is rightly said that your 'market study' is the first step towards your business success.

Conclusion

Law is constantly changing, and so is technology. The main task of legal tech is to assist the lawyers and the clients. Although machines cannot be entirely trusted to take subjective decisions and it is impossible to replace the skilled lawyers and firms with automation and computers at least for now, the legal work can be made more efficient and lawyers more approachable, and that is exactly what the legal tech start-ups aim at doing.

The initial traditional, meticulous, manual and laborious work of the lawyers is being made easy with the use of technology and these start-ups are enabling the lawyers to replace hard work with smart work, thus increasing accuracy and availability of time with the lawyers so that they can do more in less time. Technology has come to the rescue to make faster and mobilize the stagnant, stuck-to-the-desk and pen-pushing style of work in the practice of law. Advocates now do not need to sit in libraries for hours, type on typewriters and find clients through contacts only. The tasks and work that took days to get completed can now be done in a matter of few hours in the modern times. In today's day and age, a legal professional wanting to increase his/her know-how and productivity cannot possibly ignore or avoid the intertwining of the technology in the legal field.

The relationships between clients and law firms/advocates has also improved. Even the tech savvy, well-connected and aware clients seek more than ever from the lawyers, including but not limited to transparent services and fixed fee structures. The e-data available also allows lawyers and firms to understand the

clients' requirements in much better ways, thereby meeting the clients' expectations.

With this advance in technology, a refined system has been formed and is continuing to form, with speedier disposal of cases, consultations of clients and legal analyses. Needless to say, the times ahead in the legal tech world will be exciting.

About the Author

“With a vision to make expert legal advice accessible to the common man, [Rohan Mahajan](#) started [LawRato.com](#) in 2015, making it India's leading legal advice and lawyer search platform that helps over 1.5 Million Indians find the right legal advice through 10,000+ expert lawyers across India every month”

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The case for Nordic legal tech

By Niels Martin Brøchner, founder and CEO of Contractbook

The Nordic countries have a good brand. They are known as progressive welfare-states with happy citizens and liveable cities powered by environmentally-friendly windmills on every hilltop. The Danish concept “[hygge](#)” is sold as an international remedy for increasing stress-levels, the New Nordic Cousine has become the [avantgarde](#) of fine dining and Nordic Noir is currently the dominating label for quality crime stories whether in books or on TV. Furthermore, the countries still draw on the old brand awareness that they acquired from Scandinavian design, Swedish fashion and progressive participation in the sexual liberation movement.

Combined, all of these factors create the perfect platform for modern Nordic tech companies to thrive. Especially within legal tech as the Nordic countries are also known as stable states with little to [no corruption](#), a fair legal system, and a trust-worthy ethos. Who would not want to use a well-designed, eco-friendly legal tech product from Scandinavia?

As also noted in Merete Nygaards [article](#) on Nordic legal tech this May, trust is key to the success of Nordic legal tech products. Solving a problem is not the only thing you want a legal tech product to do. You also want it to be trustworthy and comply with the highest legal standards. Legal matters are delicate, and clients expect their lawyers to meet certain ethical norms. That should be reflected in the legal tech products. The move-fast-and-break-things ideology is not compatible with legal tech - especially in times where data privacy has become such an important factor in Europe. Last but not least, you want a legal tech product to be well-designed, with a UX/UI that is both functional and intuitive.

So how what is the state of Nordic legal tech?

The State of Legal Tech in the Nordics

According to [Nordic Legal Tech Hub's](#) mapping of the Nordic ecosystem, a total of 110 legal- and reg tech companies exists in the five Nordic countries Denmark, Iceland, Finland, Norway and Sweden. That covers everything from digital marketplaces for legal services and online dispute resolution to contract management platforms and various compliance tools to handle GDPR compliance, insider lists etc.

A few highlights are worth a mention. An obvious case is the Copenhagen-based [GAN Integrity](#) that just raised 15 million dollars in a Series B Funding to accelerate their global compliance platform. Such numbers are scarce in the Nordic legal- and reg tech scene but it shows the massive potential. Another worth a mention is the Swedish company [InsiderLog](#) that managed to exit within their first year on the market. They have since launched their so-

lution to manage insider list information all over Europe. Both companies are great examples of tech companies taking maximum advantage of new regulations. As Nordic countries are known for taking laws and regulations very seriously, this law-abiding behaviour has boosted the reg-tech industry significantly.

I will also mention my own company [Contract-book](#). We won the Danish Legal Tech of the Year in 2018 for our client-centric contract management platform that has 40.000 users and a stronghold in the Nordic legal market. It shows that Scandinavia is an amazing place to launch and test a solution. Nordic companies are used to working digitally. For example, registering a company in Denmark is a 100 % digital procedure. Companies are used to working in SaaS-platform when they handle scheduling, salary and everything related to accounting. They trust digital products and expect to be able to handle their legal work online. So if innovation is client-driven, then the tech-savvy Nordic market will undoubtedly lead the way.

Of course, the Nordic legal industry is risk-averse and traditional like everywhere else, but the law firms generally have a high understanding of digitisation. Contrary to when we have meetings with law firms in Central Europe, we do not have to explain the perks of digital signature and cloud storing to Nordic lawyers. In fact, much of their scepticism comes from their knowledge of the legal tech market and its current immaturity.

I will also give a few examples of law firms in the region that seems to have understood that it requires innovation and digitisation to make it in tomorrow's legal market.

it requires innovation and digitisation to make it in tomorrow's legal market. When you arrive in the lobby at the largest law firm in Denmark, [Kammeradvokaten](#), you are greeted by a robot. That reflects their engagement in the digital transformation as they have invested in more than 10 different legal tech solutions. Elsewhere, the Norwegian law firm BHR has created [Bahr Leap](#) - a law tech lab that educates legal professionals and enhances new technologies. Also, the Swedish law firm [Synch](#) is putting a tremendous effort into applying AI in their practice and helping young legal tech startups to mature their product in Synch Sandbox. However, the most innovative law firm in the Nordics probably goes to the Finish firm [Dottir](#). They apply lean principles to business and founded the legal consultancy [Dot](#), where they use design-thinking to reimagine the way legal services are communicated and delivered.

Despite of all these great initiatives, there are some fundamental challenges to the Nordic legal market.

Challenges to Nordic legal tech

The biggest challenge to the Nordic legal tech scene is that the market is atomised. The total population of all the Nordic countries is 27 million which makes a fine beginners market. That is, however, divided into five different jurisdictions with five different legal markets that operate in five different languages. There is no formal legal unity between the countries, and Norway and Iceland are not even part of the European Union. That makes it hard for legal tech companies to target the market with a single strategy.

Launching a legal tech product in all five Nordic countries require that you translate the solution

into five languages and more often than not suit it to five different jurisdictions. The level of digitization and the willingness to invest also differs from country to country, which makes it extremely hard to get deeper market insights without engaging multiple people locally. For example, Swedish law firms are not allowed to own software companies and offer non-legal services, while Norwegian law firms can. The result is that Norwegian law firms can approach legal innovation in a much more flexible way.

The language barrier can also harm international legal tech solutions' willingness to market in the Nordics. The fact that the Nordic market is divided into five makes it a lot less lucrative. This is especially a concern for AI companies since efficient AI requires a lot of language-specific training material. An AI trained to review English NDAs is not useful for a law firm which is creating contracts in Finnish so larger languages are obviously first in line when AI companies scale their solutions internationally.

This atomisation creates a narrow limit to how big a legal service provider can grow on the local legal market which exposes them on the global legal market. Law firms in more prominent jurisdictions and with a bigger customer-base usually have more capital. Consequently, they are in a better position if the global legal market converges.

As also mentioned in Nygaards article, there are plenty of responses to this atomization. For example, the Nordic Legal Tech Hub, a rather new initiative, is trying to bridge the gap between the countries and connect all the communities.

They have started a collaboration with some of the biggest law firms in the region and also collaborate with both legal tech companies and universities to create a sense of unity and enable frictionless knowledge-sharing.

The 3 waves of legal tech

Despite this atomisation, and even though the current state of the Nordic legal tech market does not look overly impressive, I am still very confident in the Nordic legal tech scene. As people are law-abiding and respect data-ethics, they also get more comfortable with testing new stuff. That is evident from the fact that the Scandinavian countries are some of the most digitised places in [the EU](#) and [the world](#). Let us further investigate that point.

When we see past the hype of futuristic technologies, the Nordic countries are in front in regards to the essential digitisation that is necessary to even make it to a point where advanced AI is useful.

The technological transformation of the legal market happens in three waves. The first wave was the introduction of computers, website, emails, Office-products like Word and maybe even the first case management systems. This transformation made legal work much more efficient and it democratised access to the law significantly. We sometimes forget how important it was that people could use just use the internet to browse the law and find legal information instead of calling a lawyer for help. This wave has already changed almost all parts of the world. The second wave is that of digitisation. It comprises features like digital signatures, cloud storing, advanced case management, e-billing, client-facing platforms and

contract lifecycle management. This is the current wave of technological transformation, and it lies the foundation for the third wave. The third wave is that of artificial intelligence, advanced automation, blockchain solutions etc. This third wave attracts a lot of hype and attention but the technology is mostly immature and it has only just begun. It is not rare to see simple automation branded as complex AI and the fact is that most law firms have a hard time releasing the full potential of the technology. Either because it is immature or because they do not even have a digitised overview of the data that is required to use it properly. Compare this to the transformation of the transportation industry: The first wave as ordering your taxi online. The second was the total digitisation of the experience that came with Uber's entrance on the market. And the third is driverless cars.

Like everywhere else in the legal industry, the third wave is yet to be unleashed in the Nordics. The second wave, however, is well underway. In Denmark company and property registrations are done 100 % online. All sensitive personal information from the state is transmitted via a cloud-based electronic email and the national ID can be used as a two-factor verification digital signature. In general, people trust digital tools and they are used to working with them. Inevitably, that has an effect on the legal industry as well. No-one questions the validity of digital signatures or the overall security of cloud storage and a digital workflow is taken for granted by most companies. That is also why we have been able to gather 40,000 (mainly Nordic) users to our digital contract management platform.

So if the legal innovation is client-driven, then

there is a good case for Nordic legal tech. All the prerequisites are there: a digital culture, an innovative spirit, a flair for design and a reputation for respecting regulation and doing things right.

About the Author

[Niels Martin Brøchner](#) is founder and CEO of the Danish legal tech company [Contractbook](#). He was recently awarded one of the most promising young businesses talents in Denmark and has a strong voice in the Nordic legal tech community where he often participates in debates about innovation in the legal industry.

BEST PRACTICES

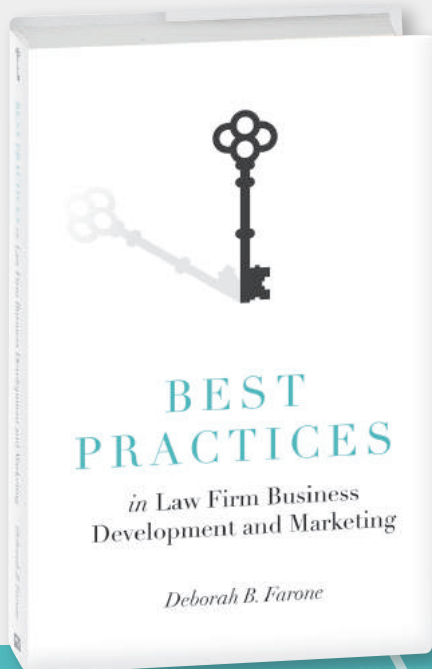
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The Problem

Technology and global systems are evolving at unprecedented rates. We're at the tip of the exponential curve in terms of historical rates of tech evolution, and there is a lack of incentive to create the necessary legislative and regulatory frameworks for managing these technologies. Legal advances in tech governance - typically developed in silos - are simply not keeping pace at the rate necessary. Ultimately this is creating a vast chasm between emerging technologies, their associated global systems, and the necessary frameworks for a globally sustainable future. Out of these considerations three major concerns arise:

One: Law and governance are not keeping pace with tech development

Our legislative systems are bogged down in archaic infrastructure, and law makers are not equipped to create new law at the rate necessary to keep pace with emerging technologies and their development. As a result, we are experiencing a world in which technologies that have incredibly strong implications for all of us are being developed and operationalized outside of a legal context. No legal context? No consequences. The implications could be devastating.

Two: Lack of global collaboration

Everything is increasingly and globally interconnected through digital systems. We belong to a global community, and the development of most (if not all) emerging technologies have implications for all of us in an unprecedented way. Yet, many of these technologies continue to be developed in silos, and legislative considerations remain at the nation level (if they exist at all). Global collaboration is needed to understand and inform the development of

truly universal frameworks, and all stakeholders are needed.

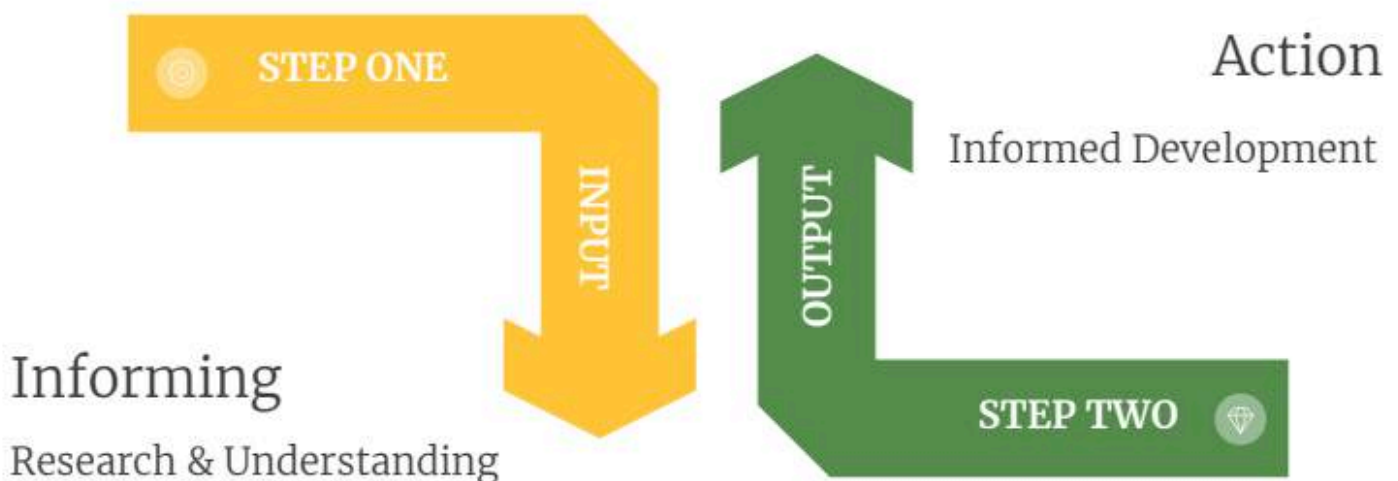
Three: Prevention of globally sustainable innovation

It's counter intuitive, however there's evidence to suggest that the lack of real-world legal context for these technologies can actually limit their progress. Not having a legal context for new technologies can prevent their adoption in a real world context. This ends up preventing their ability to improve, and for practical and sustainable innovation to happen.

The Solution

The World Legal Summit was established to create a globally collaborative environment in which all stakeholders can come together in bridging this gap between law and technology.

There's two parts to this equation; first, the demand for information and understanding, and second the need for translation of these insights into the actual development of the technology.



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Designed to facilitate the understanding and formulation of global insights about legislative and regulatory frameworks dealing with emerging technologies and global systems. It will happen in dozens of cities world-wide simultaneously, and will be connected through digital platforms.

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Designed to build from the insights of part one. It will be an environment in which technologists can come together in their city location with legal, policy, and governance professionals to translate legal insights into the development of their technologies. Similar to a hackathon, but focused explicitly on building legal frameworks into technologies.

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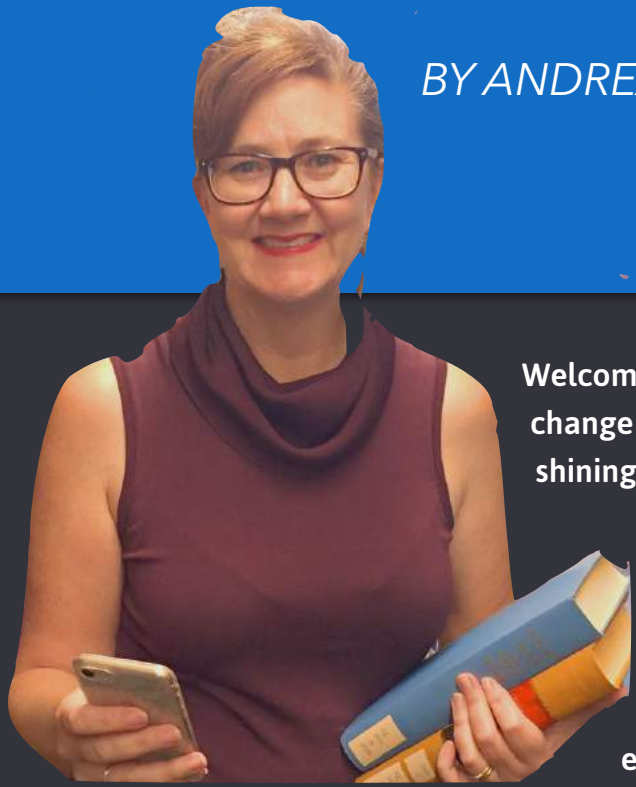
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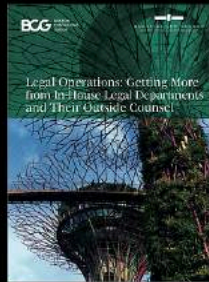
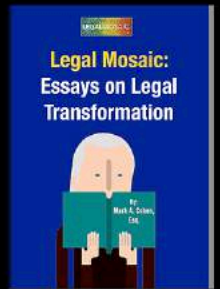
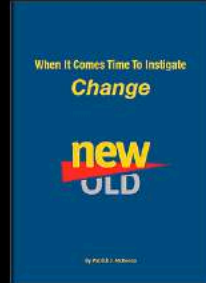


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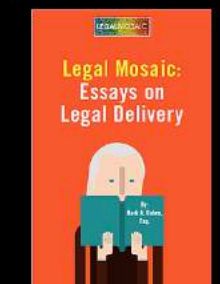
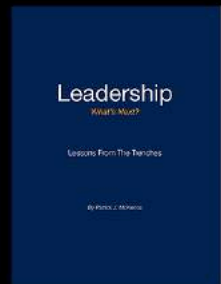
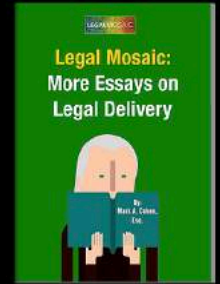
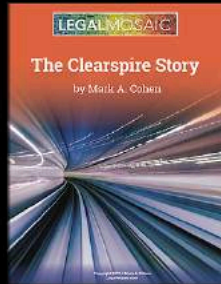
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