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INTERVIEW WITH LISA LANG By Susan Freeman

Other contributions by: Arnoud Engelfriet. Catherine McGregor, Richard G. Stock, Nicola Shaver, Marco Imperiale, Minoo Razavi, Matthew Farmer, Mark Beer, John Martin St. Valery, Nick Tiger

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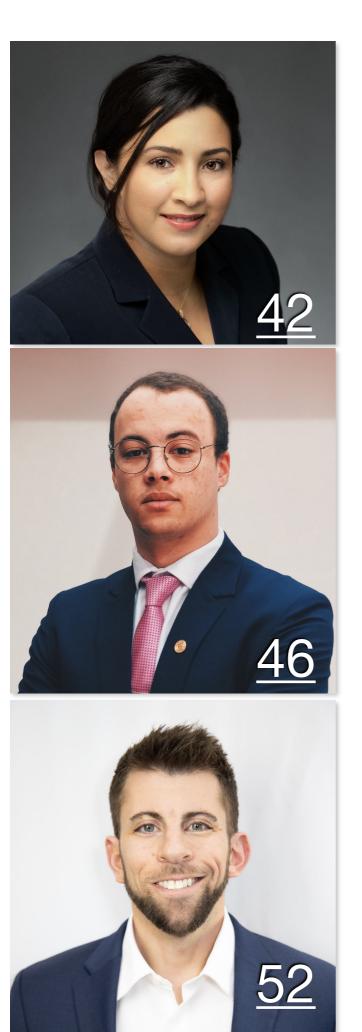


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Cover photo Lisa Lang

Lisa Lang a passionate General Counsel and In-house Lawyer

Susan Freeman, CEO and Founder of Conscious Inclusion Company interviews General Counsel Lisa Lang, member of the Conscious Inclusion Company advisory committee



Lisa Lang is an in-house lawyer and thought leader who is passionate about all things inhouse. She has recently launched a website and blog Why This, Not That™ to serve as a resource for in-house lawyers. You can e-mail her at <u>hsa@lawyerlisalang.com</u>, connect with her on LinkedIn, or follow her on Twitter. Lisa currently serves as the General Counsel for Kentucky State University (KSU). Prior to coming to KSU, Lisa first worked in private practice specializing in insurance defense for a law firm in Louisville, Kentucky.

In 2008, Lisa transitioned into the public sector to work for the Commonwealth of Kentucky in the Office of the Attorney General as an Assistant Attorney General and then for the Kentucky Department of Education serving in various in-house roles beginning in 2011.

Lisa also serves as a member of the advisory committee at <u>Conscious Inclusion Company</u>, <u>LLC</u>.

Susan: How are you identifying and preventing litigation and regulatory risk?

Lisa: Risk is a part of doing business. As inhouse lawyers, our job is not to prevent risk. Our job is to understand the risk to our company and our company's tolerance for that risk. With that knowledge, we help support our company company's effort to mitigate the risk.

How do we develop that understanding?

- We take the time to understand our company's industry and how our company's business operates within that industry.
- We take the time to build relationships based on trust and respect with our company's

employees at all levels.

- We make ourselves accessible to company employees and actively listen to what they have to say.
- We have the courage to say things that the company leadership may not be thrilled to hear.

Unfortunately, litigation is frequently the cost of doing business. We do what we can to help our company avoid litigation, but we don't shy away from it when it is the only way to meet the company's objective.

Susan: How are you contributing to the enterprise's cost optimization efforts? Lisa: We take an active role in evaluating and revising our company client's policies, procedures, and processes. We work collaboratively

alongside with internal and external partners in that effort. We also take an active role in evaluating active contracts with internal partners in an effort to find possible ways to save our company money.

Susan: What are you doing to promote diversity within the legal department and among outside providers?

Lisa: I am proud of the diverse legal team with whom I work. Over the years, we have worked hard to find strong and capable team members who would complement the strengths and weaknesses of our existing team members. We have succeeded in that effort.

We also firmly believe in working to improve diversity and inclusion in the legal profession. We contribute to that effort by mentoring and sponsoring students interested in the legal profession.

As far as promoting diversity among outside providers, it can be a bit challenging because we are required to select our outside counsel from a list of lawyers provided by our insurance carrier.

United Educators, one insurance carrier with whom I have worked, has been very receptive to this discussion and is working to ensure that diversity and inclusion is a top priority for the law firms on its list of panel counsel

Susan: How are you getting closer to the business units?

Lisa: As a legal department, we value the relationships we have with our company's business units. We have built relationships with our business units over time in a variety of ways.

- We take the time to participate in company-wide events even when we feel there is no time because of competing priorities.
- We stop by the offices of our business units daily just to check in and see how they are doing.
- We have hosted small gatherings just to show our appreciation of our business units.
- We make it clear to our business units that we are around to help and frequently volunteer to serve as a sounding board when our business units are working through a business challenge.

Susan: How are you leveraging legal technology?

Lisa: We understand the importance of technology, in general. When the global pandemic forced us to work in a remote environment, we recognized the need to accelerate our efforts to use the technology we currently had more fully while also exploring new technology available to help us manage our work more efficiently We devoted the most time and effort to develop a contract lifecycle management system. We are still in the early stages of this project, but we are working diligently to build out this system.

Susan: What are you doing to improve processes in the legal department?

Lisa: It is all about communication and continual improvement. Over the last five years, we have learned that it is important to be flexible. What is working for us today would not have worked for us yesterday. We also understand that what is working for us now will probably not work for us tomorrow. As a team, we re-evaluate our processes periodically to make sure we are working at peak efficiency. make sure we are working at peak efficiency.

Susan: Are you evaluating and resolving disputes early and effectively?

Lisa: Evaluating and resolving disputes early is critical to business success. We have made tremendous strides in this area by working to strengthen internal grievance processes. When you have an efficient process for resolving disputes and you implement that process timely and with fidelity, it makes all the difference in the world.

Susan: How are you enhancing your compliance function?

Lisa: Compliance isn't only about preventing problems and ensuring that everyone is abiding by laws, policies, and procedures. It's also about creating a robust and ethical compliance program.

When there is a failure in governance, it is the legal department with whom the leadership works to find strategies for avoiding issues in the future. We stand ready as a legal team to help develop strategies to avoid further issues.

Susan: What is outside counsel doing to identify global providers to offer support in local jurisdictions?

Lisa: We are fortunate to work with a law firm that is a member of various national organizations. It is because of its memberships with these organizations, I am confident that our company has access to the best providers for the best value through our outside counsel.

Susan: How are you growing and developing your team?

Lisa: Employee development is so important for company success, team success, and individual success. Developing employees is a strategic way to grow organization, improve productivity, and retain talented employees.

As a legal team, we prioritize professional development. We support team members in their efforts to make connections and build networks. We provide team members with challenging (but not impossible) work assignments. Last, but certainly not least, we trust each other until we have reason to not trust.

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2022 ANNUAL REPORT



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Carlos Brown on using his influence to change cultures and increase diversity.

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Legal tech: Beyond the myths #5 How do robots handle legal practice?

By Arnoud Engelfriet, co-founder of the legal tech company JuriBlox, and creator of its AI contract review tool Lynn Legal.



Last time, we ended on a positive note: it's not about the tool but about the humans using it. Which prompted several readers to write in and ask, how will the humans be using it? We know how to work with a new colleague, but what can you expect on a robot's first day in the law department? More to the point, what can you do to get a robot to work as you expect? This gets to the issue of what legal tech aficionados call the **playbook**.



Numbers, numbers, numbers

Whenever we talk about artificial intelligence, the word algorithm makes an appearance. To programmers this is a bit strange, because the one thing that AI does not apply is algorithms. AI is essentially statistics-driven: does this phrase resemble this set of phrases or more that one, which of these twenty word groups is most similar to this word, and so on. This is in stark contrast to what an algorithm is to programmers, namely a series of precisely-defined steps to take, one after the other. In an algorithmic approach, all possible choices would be enumerated in advance and the robot would simply check off the lists one by one. Of course, this is impossible, which is precisely why the statistics-driven approach of AI has proven so successful. With enough data, patterns can be discerned that allow for the derivation of bright lines (although quite complex lines) to help identify patterns.

However, this process of classification or recognition is merely one small part of the system that makes up a lawyerbot. Several other key pieces are needed to arrive at a fully functional system, one that can produce legal advice given a contract, case description, legal brief or other input document. And it is in these pieces that traditional algorithms play a large role.

Building the system

Let's take the use case of contract review as an example. In other words: how can we turn a contract we received from a prospective partner into a redline that will further the negotiations? It's good to keep perspective here. As noted earlier in the series, robots are good at standard work. So this review will be a check for standard issues. No one would use such a review for a high-stakes merger agreement or a complex bespoke services purchase. But such documents are rare: over 80% of legal documents reviewed by in-house lawyers or by attorneys-at-law are routine agreements.

Reviewing a standard agreement means checking for standard issues and making standard amendments to better reflect the client's interests. A term should be a bit longer, a contractual fine should be gone for a service provider, liability should be capped at the level of the liability insurance, and so on. All perfectly suitable for a robot: spot the issue, grab the best alternative clause and make the amendmend. Thanks to the above mentioned statistical approach, spotting the issue is not a problem for a well-trained machine learning system. But we have some steps to take before we get there. To start with: how do you turn a Word document into a set of clauses, from which issues can be spotted?

Reading like a robot

This may seem like a silly question: just open the document and read the text. But for a robot, this is a lot harder than it sounds. We humans see text, well-formatted, some bold, some italics, a list of definitions at the end, indented lists, and so on. For a computer, this is all a mass of letter groups held together with XML tags that may or may not provide a fixed structure to guide identification of what's what.

A first approach could be to simply extract the paragraphs as Word provides them. Headings, normal text, tables and other elements have their own markup – technical codes that provide boundaries to separate text and to attach styles to. This markup can be recognized automatically, allowing e.g. a list of clauses to be built with the last-used heading preceding it. Then, each clause can be fed to the machine learning system to identify it and to determine what's wrong with it.

There's a little problem with that: we humans tend to be sloppy with our styles. In the tens of thousands of documents I have reviewed for our lawyerbots, I have yet to find the perfect document marked up as Microsoft had in mind when it created Word. People don't apply styles but merely colour some text bold or enlargen it to indicate "heading". Old-fashioned authors press enter when they think a line is done, as they did in the typewriter era. This looks the same, but for Word this means there are two paragraphs, two clauses – and to a robot, that means two incomplete clauses to review.

Fortunately, there are advanced text extraction libraries available, so part of the problem is solved. But once you add PDF support – a popular request – you get an entirely new set of problems, because PDF is designed to look good, not necessarily to automatically retrieve text from. For instance, if you extract text from a two-column PDF document you get garbage: every line from the right column is appended to the one appearing on that line in the left column, and you try making sense from that.

But even if you get the text out exactly as the writer intended it, you still have the issue of what goes together. Not every contract is of the one-clause-per-paragraph type. Consider for instance the numbered list, e.g. a list of representations and warranties that a seller provides. Or a list of undertakings by the recipient of confidential information. Or the security measures a data processor commits to in a GDPR data processing agreement. Is that one clause? Should it be split and evaluated separately, or considered one megaclause? Both have advantages and disadvantages, but the quality of text extraction is key to a good identification.

Playing by the book

Having fed each clause to the machine learning system, we now know what each clause is about, as well as what's going on within that topic. Here's a liability clause, its cap is 2.5 million dollars. This venue clause picks Paris, France. The term is one year with silent renewal. This list of security measures is very long and its text does not conform to article 32 GDPR. Good to know, but is this bad?

Now we get to the heart of any robot lawyer: the playbook. The playbook is a set of boundaries if you were, a list of all possible outcomes that the machine learning can provide tied to a judgment. Typically each outcome is tied to a response message that can be included in the report generated by the lawyerbot, or coupled to an amendment or counterproposal that would overcome the issue that was found.

A simple example is a liability cap. The playbook can be configured to reject any caps higher than one million, or in the converse to insist on at least two point five million. Or whichever amount you want - this of course depends on the user's perspective. Should the machine learning system then detect that a particular agreement has a cap that is three million, then the playbook will indicate this is a problem: it should be one million, no more. Often, a legal position is not expressed in a number, but rather in some sort of criterion or position. A client may not be prepared to accept contractual fines, or doesn't want a dispute venue outside the European Union. GDPR security obligations should always include two-factor authentication, compliance audits should be undertaken by independent auditors bound by professional secrecy and their bill paid by the other guy. Playbooks can configure this type of counter: if venue is not

in this list, reject. If auditor is not 3rd party, reject. If auditor is 1st party or audit rights is not found, accept. And so on.

Configuring the playbook takes a surprisingly long time, even when experienced negotiators or lawyers are brought to the table. This is because many of them operate from intuition and rules of thumb. Perhaps that cap of one million is because of the insurance payout, but where did the two-factor authentication demand come from? Do we always object to fines or just if they are large, and if so what is "large" if we have to put a number on it?

Would we take a late delivery fine if payment is within 14 days? Getting these positions out of the human heads and into the computer table is more time-consuming than training the machine learning system.

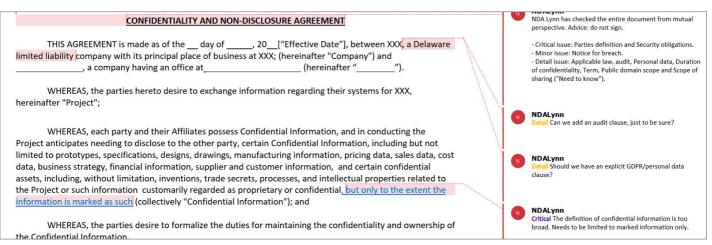
(One startup in this field uses the clever approach of analyzing a customer's own contracts to determine what should be acceptable. This works, although it is not uncommon for large companies to have purchasing terms that conflict utterly with their sales terms.)

Getting a response

The next, and ideally final step in the process is to produce a response. A simplistic approach is to just accompany each boundary in the playbook with a fixed sentence, such as "We cannot accept this high a liability cap, it must be lowered to one million." Whenever a clause triggers this playbook boundary, this text is included in the output. The end result is a nice summary of issues with counterpositions, presumably drafted by a human lawyer. Today, legal professionals expect more and lawyerbot systems should give them that. Some variation is nice: instead of the same text for the same issue, allow for multiple outputs given that issue and select one. One approach suggested in the literature uses a simple counter: the more objectionable issues were encountered, the more terse and blocking each subsequent response became. Just like a human lawyer or negotiator would get if a contract draft keeps asking and asking. Very helpful is adding the outputs as comments in the Word or PDF document. This is part and parcel of human reviews, and lawyerbots should seek to emulate that. Comments can then immediately be tied to the relevant text, reviewed for correctness and responded to with a counter.

But what really takes the cake is an amendment in the text, of course as a redline (tracked changes) using Word's facility for registering who changed what. This makes the counterproposal immediately clear, and allows the other party to respond focused on the content (or accept the proposal, since we are still talking about standard documents with standard counters).

This may seem hard. It's true that AI can generate texts – the OpenAI generator called GPT-3 can produce near-perfect quality essays of any length in seconds, for instance. But coming up with a counter in a specific clause seems like a bit much. Fortunately there's no need to introduce yet more artificial intelligence. A preconfigured set of counterproposals is more than enough. If you have twenty acceptable security clauses, one is likely to match the language of the original



A non-disclosure agreement reviewed by a robot. The future of legal practice

text closely and so can be used as a basis to draft an amendment. We are still talking about standard documents after all; in my experience there are rarely more than twenty variations of any clause in NDA's or DPA's, for instance.

In and out in minutes

Now let's put things together. We can take Word documents and convert them to machine-readable clauses, with the right headings attached. We can take those clauses and assign meaning to them – strict security, 7year term and so on. We can look up whether we like that – term no more than 2 years, strike that fine, no cap on liability. We can insert our objections into the document and even amend the clause proper. One final issue remains: how do we get documents in and out? A web interface seems intuitive, but there's an even more exciting option – just e-mail your document and get a reply back, just like you would work with a human lawyer. Except this one mails you back in five minutes. Does that sound like a myth to you?

About the Author

Arnoud Engelfriet is co-founder of the legal tech company <u>JuriBlox</u>, and creator of its AI contract review tool <u>Lynn Legal</u>. Arnoud has been working as an IT lawyer since 1993. After a career at Royal Philips as IP counsel, he became partner at <u>ICTRecht Legal Services</u>, which has grown from a two-man firm in 2008 to a 80+ person legal consultancy firm.

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OPERATIONS MATURITY BY RICHARD G. STOCK

LEGAL TECH IN THE UKRAINE **DURING THE WAR BY INNA** PTITSYNA



Operation Transformation

By Catherine McGregor, Editor in Chief Black In-house Counsel Report, Author and Management Consultant



Legal Operators is a community of leading legal operations professionals that is uniquely focused on the use of data for DEI. We spoke to CEO and Founder Colin McCarthy to ask – can general counsel and heads of legal operations work together to use data to drive meaningful change?

LEGAL OPERATIONS IS AN INDUSTRY THAT HAS GONE FROM 0 TO 60 AND THEN SOME OVER THE PAST 20 YEARS.

All areas of business are more focused on process and efficiency, and legal departments are no exception. Given the newness of legal operations as a discipline – and the varied backgrounds of those working within it – sharing information, and creating communities within which to do so, is important. One community which sprang up organically three years ago is Legal Operators, run by Colin McCarthy, who previously worked in legal operations roles at Rubrik and Twitter. It started small. "We had 12 members," recalls McCarthy. "We would do TED Talks to each other, sharing information and best practices, and use case scenarios. But by month six it had grown to 80 people!"

The group grew quickly and spread from San Francisco to LA and then New York, where there were 350 registrants for its most recent in-person event. The group's Slack channel saw more than 1,200 members join in its first year.

DIVERSITY & DATA COMING TOGETHER BUT WHERE DID DEI COME IN?

It has always been a passion of McCarthy's, and one of the early members of Legal Operators was Akshay Verma, then Head of Legal Operations at Meta, whose commitment to driving meaningful change is explored in another article. "Akshay felt a pillar should be diversity," explains McCarthy. "I said I couldn't agree more, but let's make it meaningful. That's how we came up with the Diversity and Empowerment pillar. Not just increasing diversity – we want to actually empower people." One of the innovations in legal operations has been the collection, analysis and use of data to drive decision-making around legal departments' strategies, spend and processes. But such collection and analysis is also fundamental to increasing diversity. Getting more legal operations professionals involved in the DEI strategy of their legal teams may help progression, because these are people who know how to gather, analyze and make decisions based on data. They and their companies also recognize the power of diversity.

"Diversity brings unique experiences that help businesses build technologies that are thoughtful and inclusive of all potential users," states Rajan Gupta, Head of Legal Technology and Compliance at Meta and one of Legal Operators' members. This synergy has been part of the rationale for McCarthy in making Diversity and Empowerment one of the pillars of Legal Operators: "We have so much data at our fingertips, and more and more of it is becoming available. Many of us in legal operations are very used to using Key Performance Indicators (KPIs). As the collection of data on a range of diversity metrics is increasing, I think that legal operations professionals are going to be the change agents that make the difference with diversity. That's going to be a result," McCarthy feels, of the general counsel role moving more toward a C-suite position, which leaves many legal operations professionals

with the role of making decisions on what the legal team's DEI strategy will be and which outside suppliers they will hire. That, coupled with the fact legal operations professionals are comfortable analyzing and making decisions based on data, results in legal departments being better placed than ever not just to get DEI data, but to use it for empowerment. Elizabeth Miller, Head of Legal Operations at Dolby and a member of Legal Operators, agrees: "Legal operations professionals utilize data to find opportunities, set goals and measure progress. The lack of law firm diversity that has always been obvious is now impossible to ignore when armed with the statistics."

COLLABORATING FOR CHANGE

As part of this drive to put the legal operations community at the heart of DEI, Legal Operators has partnered with data collection and analytics firm Justice Bid on its Operation Empowering Change initiative (which is covered in a separate article). Getting this data creates a basis for the Legal Operators community to have conversations based on facts, not supposition or performative diversity. The intention is to ensure accountability and transparency, emphasizes McCarthy. "It's meant to be more of a carrot than a stick approach, but if clients get this information, then they're on the same page as their suppliers and they can ask questions that need to be asked. For example, a firm might have 2,000 lawyers and only four women of color who are partners - why is that? That's a question that should be asked."

McCarthy and the other members of Legal Operators, who comprise some of the biggest corporates in the U.S., agree that there's no longer any excuse for DEI information being hard to access for buyers of legal services: "There's hundreds of millions of dollars being spent on these firms every year; clients should have access to this information. It is absolutely normal to be asking questions based on that data." Elizabeth Miller at Dolby agrees: "The legal departments I've been a part of truly believe that diversity is necessary to bring the best ideas forward. We've dedicated a lot of effort internally to measuring, benchmarking and course correcting from pipeline to recruiting to retention. The same should be expected of the law firms who represent us."

DATA TO PROCESS TO ACTION

Collection is only the beginning; it's also about listening to the stories the data tells and using those to propel change. Legal Operators' membership will be able to use data to benchmark across suppliers, identify where there are issues, and start conversations with firms about particular data points. This could also lead to collaborations where in-house legal teams and law firms work together to create change. But this can only start with having the right information, understanding that information and using this to establish behaviors that will change cultures.

Legal operations professionals excel at creating processes. In DEI, this means combining the story that the data tells with the systematic creation and implementation of processes to change that story for the better. McCarthy and his members believe that the current interest in DEI – and the way in which this can be used by legal departments to drive change – is going to lead to more systemic improvements. Says McCarthy: "It's going to lead to an overhaul of the whole education system, getting more access to education and making a diverse workforce mandatory. But being systematic about this is going to be key and that's something my members in Legal Operators can certainly bring!"

One thing is for sure: **the genie of data and the stories it can tell is out of the bottle for these leading legal operations professionals – and it's not going back in!**

This article was published in the BIhC Annual Report (see page 29)

About the author

Catherine McGregor is an author and management consultant. She has worked for a range of legal publications and consults to law firms and legal departments around the world. She works across several BIHC initiatives including the Annual Report.



Colin McCarthy CEO Legal Operators

Corporate Legal Operations Compensation Survey

April 20, 2022

brightflag DEGAL

We're in the midst of the most significant changes to employment in a generation, fueled by remote work, the Great Resignation, and an increased focus on DEI. At the same time, the legal operations profession is exploding. Brightflag and Legal Operators partnered on the 2022 Corporate Legal Operations Compensation Survey to help legal

operations professionals, General Counsel, and HR leaders to better understand fair market compensation for this critical function. Click the survey to read it









The State of Corporate Law Departments

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

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



Chief Legal Officers seldom find enough time to read material regarding the law department management. It is worth commenting on some of the findings from Thomson Reuters Institute's "2022 State of Corporate Law Departments – Benchmark, Optimize and Innovate: Law department performance in a post-pandemic world." here. Data sources for the report include 2 000 telephone interviews with senior in-house counsel, input from 1 000 law firm lawyers recommended from the interviews, and input from legal operations professionals subscribed to Thomson Reuters Legal Tracker.

While the report covers a range of topics – legal spending, sourcing patterns, experiences with law firms, and general marketing trends – it offers the chance for participants to benchmark their



responses against their peers. I have chosen three factors likely to improve the contribution of the law department: changing the value proposition as a strategic contributor, effective ways to partner with primary law firms for innovation, and metrics to drive behavior and resources for legal stakeholders.

Strategic Positioning

I was heartened to learn from the report that 90% of law departments relied on some form of metrics in 2021 compared to 75% in 2015. The most important metrics are still legal spend, efficiency and quality. Despite this, it is discouraging to see that cost pressures have significantly increased the importance of the legal spend metric and reduced the importance of quality metrics compared to 2015. Thomson Reuters states that "such one-sided reporting of corporate law departments' performance may fail to properly quantify the value they are adding to their organizations." Global inflation is prompting law firms to adjust their pricing by 10% in many markets. All the more reason for quality indicators to be front and center.

The four quality metrics reported – quality of responses from the law department, client satisfaction, results, and complaints – are meaningful but they are at times difficult to measure. They also tend to be lost in the forest of spend, efficiency and effectiveness metrics.

Changing the expectations that a company has of its law department and of its external

counsel is a priority. The report talks about law departments embracing "transformational change". Yet this message is at times undercut where the report also states that "the enduring purpose of an organization's legal function is to safeguard the business". One cannot argue with the need to "serve and protect". I believe that while law departments are a service function like HR, Finance and IT, they can and should be strategic contributors provided they establish this position in a widely disseminated statement of roles and responsibilities. Here is a formulation introduced by one law department that has set out to:

- Be a stimulus for results in the company's areas of strategic focus
- Be a center of excellence in contracting practices for the company
- Have 75% of its department objectives mapped to client business plans
- Exceed the required proficiency levels for 80% of the department's business, leader-ship, and legal competencies
- Re-structure its client relationships to be more effective and efficient
- Be a center of expertise in a number of legal specialties
- Demonstrate top tier performance in risk management and dispute resolution

To be effective, this type of manifesto must be supported by a detailed business plan with specific initiatives and targets for both the law department and for its members. The company can then expect a contribution that is strategic, innovative, and gets business done.

Effective Partnering

The Thomson Reuters report offers practical

steps to maximize law department outcomes. A section on "optimizing law firm selection" lists seven factors that have a role. Interestingly, none of these factors is cost or price. The report opines that "most in-house lawyers surveyed say that the strength of individual lawyers is the primary selection criterion – and that industry experience is high on their checklist." Otherwise said, hire the lawyer and not the firm. Thomson Reuters goes on to say that "law departments seeking successful partnership with their firms should assure as many of the levers as possible."

"Levers" are selection criteria such as brand affinity, feedback systems, client-centric lawyers, and an innovative approach. To this I would add non-hourly fee arrangements for all complex and regular work.

According to the report, one third of law departments benefit from innovative solutions "to address a range of objectives and challenges – primarily technological solutions, creative legal advice, and pricing." Partnering with a select number of firms will accelerate achievement of other elements in the department's manifesto such as excellence in contracting, legal project management, risk management and a measurable contribution to select, high profile and strategic initiatives identified by the company. A balance in risk and rewards for the firm is an essential pre-requisite for such services. It should not be aligned with an hourly fee arrangement.

The Right Metrics

Metrics and indicators without targets will capture activity levels and resource consumption but they will not capture the *value* of a law department. Based on the interviews, Thomson Reuters reports metrics in four categories: spend metrics, efficiency metrics, effectiveness metrics, and quality metrics. Most of the effectiveness metrics concern legal resource consumption. Although they do track activity, they are not focussed on outcomes.

I prefer effectiveness metrics that answer the question "what difference do the lawyers make?" A category called "Quality and Effectiveness Metrics," each with initiatives and targets go a long way toward communicating the value of the law department. Consider the following indicators for this revised category:

- Results, determined by a formal survey of all business units
- Strategic Impact
- Quality of responses
- Client satisfaction, determined by a formal survey of all business units
- Knowledge transfer
- Lawyer satisfaction

Accepting the premise that the primary purpose of the law department is to help get business done implies proficiency in legal project management, negotiation, and communication skills. Measuring the strategic impact of the department is not a usual performance indicator. I recommend three to five high-profile corporate priorities with the law department playing a significant part are identified as part of the corporate planning cycle. At times, the law department may need to igo out of its way to make a contribution that extends beyond strictly legal. The CEO or the responsible VP decides the value of the law department's contribution on a 3-part scale – meets expectations, exceeds expectations, or does not meet expectations. The results are broadly communicated.

Law departments are an important part of a company's intellectual capital. Knowledge transfer should be selected as an effectiveness metric to determine the success in transferring competencies from law firms to the law department, among lawyers within the department, and from the law department to business units.

Finally, a metric for lawyer satisfaction is essential. HR departments can help with experience and methods to assess the law department's effectiveness in recruitment, advancement, retention, and morale.

Action Plans

The Thomson Reuters report proposes a 7-part action plan with practical steps for its readers. Three of these align well with a developmental and strategic business model for law departments that embraces "transformational change."

- Re-position the law department as an organization value center"
- "Ensure a broad scope of factors are considered when selecting law firms including ... business understanding and innovation""Build value-oriented metrics into performance monitoring"

The report paints a valuable picture of law departments and merits consideration. Every CLO must be wary to avoid falling into Pffefer and Sutton's *"Knowing Doing Gap – How Smart Companies Turn Knowledge into Action."* Links by CLIH to previous columns

- Allocate Time Strategically
- World Class Effectiveness
- Law Department Innovation Audit

About the Author

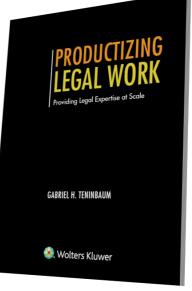
Richard G. Stock, M.A., FCG, CMC is the Managing Partner of **Catalyst Consulting**. See <u>www.catalystlegal.com</u> Richard can be contacted at (416) 367-4447 or at <u>rstock@catalystlegal.com</u>.



More by Richard G. Stock; See his series Improvement for Law Departments (LBW)



For millions, creating an estate plan no longer involves a high-priced attorney. Instead, they can log into LegalZoom and get the job done for a fraction of the cost. The same goes for filing a tax return: no need for a CPA, TurboTax can do it for you! At the heart of these tools (productized services) is a technique for converting work that has traditionally been done by a professional for a limited number of clients to work that can be shared, licensed or sold to a much wider audience (usually through the use of online or specialized software technologies). People create productized services in order to help more people and create new revenue streams. Consumers, in turn, get access to valuable services at lower cost. While creating productized services was once challenging and expensive, a new generation of facilitating tools enable any enterprising person - including law students and lawyers - to productize services with greater ease than ever before. This book unpacks the concept and impact of productizing services and provides a step-by-step introduction to the process of productizing legal work.



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Easing the Confusion around Digital Transformation

By Nicola Shaver for Legaltech Hub



Digital transformation has become a buzzword with such broad meaning that it's hard to distill what it actually means or how to go about achieving it.

TRANS

For all the writing that has been produced on the topic, there is still confusion about what it means to undertake digital transformation. Is it something you can do by implementing a new system? Does it require a full business-wide



platform solution linking multiple systems and workflows? Or is it about business model and culture change? For those whose mandate includes digital transformation, whether in law firm management, corporate legal or innovation leadership, it has therefore become difficult to know where to start. Approaching it as an enterprise-wide shift is overwhelming, but until recently very little practical guidance has existed in the market to help professionals determine how to take smaller, meaningful steps towards digital transformation, and which technologies are available that can help move the dial.

Definitions of Digital Transformation IBM, among others, has defined digital transformation as taking a digital-first approach to all aspects of a business, using AI, automation, hybrid cloud and other digital technologies to leverage data, drive intelligent workflows and produce better, data-driven decision-making. <u>Oracle</u> defines it as the conversion of manual and analog processes to digital ones in every part of a business.

Gartner provides a definition of digital transformation that is variable, suggesting that it can mean IT modernization or digital optimization, or the invention of new digital business models.

Recently, Benjamin Mueller wrote in the Harvard Business Review that digital transformation should be defined as full business model change (see <u>How to Map out Your</u> <u>Digital Transformation</u>, HBR, April 27, 2022).

Rather than look at digital transformation as a technology-first initiative, Mueller writes, it should be regarded as business model innovation, driven by changes in process as well as products. Only by viewing digital transformation in this way can it make a meaningful and lasting impact on the business.

The challenge inherent in all of these definitions is that they assume that the professionals tasked with promoting digital transformation within their organizations have the necessary control or authority, and the resources required, to undertake enterprise-wide change. While it may be true that digital transformation – once complete – impacts a business as a whole, defining it in this way at the start of the process is stultifying, making it appear that any smaller changes can't constitute transformation because their individual impact is too insignificant. The impact of many such smaller changes together, however, may well add up to organization-wide transformation over time.

Don't Boil the Ocean – All at Once

If you are someone whose role within an organization involves digital transformation, and you do not have the authority to initiate an enterprise-wide initiative, then approaching digital transformation as something that can only happen all at once to the whole business is unhelpful. Many corporate counsel and legal operations professionals are in this position, as are those within law firms whose ambit involves innovation or technology procurement.

Most people working in business or law have heard the phrase "don't boil the ocean", suggesting that rather than tackle a large project all at once you should break it down and approach it in manageable steps. The opposite argument has also been made, for example by David Benjamin and David Komlos who write that for certain highly complex projects, you must have a broad scope and understanding in order to be able to make the right kind of progress (It's Time to Retire the phrase "Don't Boil the Ocean", Forbes.com, 11 November, 2019). Without understanding how different parts of a project might impact other aspects, they argue, you risk moving forwards without all of the information you need. This may lead to situations where a smaller initiative undertaken in one pocket of the business ultimately thwarts progress in a different part of the business because the connection between them was not taken into account at the outset. Benjamin and Komlos assert that you therefore can't make progress

on discrete parts of a project in isolation – or at least not until the bigger picture is first understood.

In spite of your perceived lack of authority on the business as a whole, there is value before undertaking any digital transformation initiative in undertaking thorough discovery exercises to understand the way that relevant departments operate, and to start to build support and momentum towards a broader initiative. Understanding what systems are in place and where they are being used in other parts of the business, for example, will ensure that you don't replicate efforts or duplicate technology investments in your own department. Understanding how data and information travel between systems (or where those connections are lacking but necessary), will give you better insights into what initiatives your team could undertake that might have impact beyond your own department.

By engaging in these discussions, you will also build support amongst a network of stakeholders that might enable you to amplify your influence in the organization and generate additional inter-departmental resources to support your projects.

One Bite at a Time

How do you eat an elephant? One bite at a time.

While undertaking discovery and understanding the systems and data landscape of your organization is important before undertaking efforts around digital transformation, this doesn't mean that those efforts must be similarly broad. Instead, consider what parts of the organization you and your team are able to directly impact, and what the most important needs are in that area. Instead of buying a fancy technology system because it is high in the hype cycle and promises to achieve digital transformation (examples include Contract Lifecycle Management systems and AI systems for contract review), look at the business needs that are of highest strategic priority to the organization. In particular, look for:

- Processes that are manual, unnecessarily onerous, and causing frustration.
- Areas where there are "too many cooks", in other words there are so many hand-offs within the same process as to make it need-lessly complicated.
- Processes around which there is confusion, or where efforts are being duplicated.
- Areas where work-arounds have been developed because there is no system in place to support a necessary process.
- Areas where it would save time and improve decision-making if data was connected, but system integrations are unavailable or haven't been built.
- Areas of low efficiency or realization, or pockets of unprofitability.
- Parts of the organization from which repeated complaints are made to leadership, or where an unusually high number of calls are made to IT support or the organization's help desk.

In identifying the right project to take on, consider whether:

• You have the ability to instigate and drive an initiative of this kind;

- The initiative is linked to the strategic goals of the business and your department;
- The project is high value and will provide a meaningful return on investment; and
- You have the resources (both financial and human) to tackle this project now.

Your aim is to identify the right initiative through which you can drive digital transformation from your position within the organization and in light of the broader context of the organization. Only once you have selected this initiative should you consider whether new technology is necessary at all, and if it is, what work must be done before selecting the relevant technology in order to ensure that the organization is ready to onboard that technology.

Finding the Right Resources

The difficulties inherent in driving cultural and business model change across an organization in support of digital transformation are rife and complex, even before it comes to selecting the right technology system. There is now a platform that can help those mandated with these initiatives understand how to go about driving that change, while also providing guidance around technology selection.

Legaltech Hub is a resource platform that was launched as a directory of legal technology solutions in October 2020. Since then, it has been re-launched to include directories of consultants who operate in legal innovation and digital transformation, as well as ALSPs. In its new iteration, Legaltech Hub includes an entire category for Legal Operations, making it easy for corporate counsel as well as law firms to identify systems that are relevant to their environments.

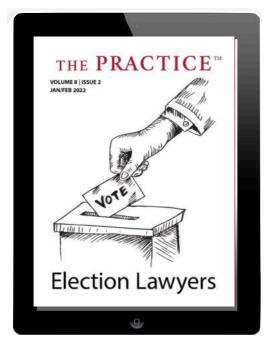
In the summer of 2022, Legaltech Hub will launch a premium offering that includes high quality resources to support digital transformation efforts across commercial legal organizations. Not only will users be able to search for the technology that is relevant to their internal change efforts, they will also have access to practical guides providing how-tos and best practices for identifying use cases, procuring and implementing technology, and driving adoption of that technology.

It is now widely accepted that digital organizations are more profitable and more successful than organizations where most work is still performed manually. This undoubtedly applies equally to law firms as to other businesses. Legal professionals are well positioned to drive change and improve the performance of their organizations, but this is only feasible if we move away from using daunting buzzwords and instead begin to speak about transformation in helpful, practical terms.

Make sure you download the next edition of Legal Business World Magazine for our follow-on article on digital transformation in legal practice.

About the Author

<u>Nicola Shaver</u> is the CEO and Co-Founder of <u>Legaltech Hub</u>, a resource combining a comprehensive directory of legal technology with legaltech jobs listings and high value content aimed at enhancing transparency in the procurement of legal technology. Prior to her work with Legaltech Hub, Nicola was the Managing Director of Innovation and Knowledge at Paul Hastings. She has 20 years of global experience in the legal industry, many of which have been spent driving positive change in legal service delivery. Nicola is an advisor to law firms, corporate legal departments, and legal technology vendors, a regular speaker at conferences around the world, and a frequent writer on topics such as digital transformation, legal innovation, change management and adoption.



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Towards client-centric products

Three new drivers for the legal profession

By Marco Imperiale, Lawyer and Head of innovation at LCA Studio Legale



Introduction

One of the elements that I found intriguing about law firms is that most of their websites and brochures (whether paper ones or – because of new sustainability policies – digital ones) focus mainly on three elements: i) topnotch advice ii) tailor-made services iii) client involvement.

I believe that this is relevant from at least two perspectives: i) if everyone offers the same product, how can a law firm differentiate itself? ii) lawyers believe they know their clients, even



if most of them are not used to topics like structured feedback, customer journeys, or surveys. Someone would also question the top-notch advice, but that is not my point.

What I would like to focus on, instead, is that this approach is going to change quite soon, because of the following drivers.

The first driver: values

It is very interesting to see the evolution of business pitches in the last few years. Some years ago, we were asked about track records in similar activities, fees, and possible conflicts. Now the questions we are asked are different. What are your strategies to retain young professionals? What kind of policies do you have regarding inclusion? What do you do for the environment daily?

I believe that this change of direction is quite significant. If some years ago a lawyer was chosen for her competence, now the competence is somehow granted, and we want someone who shares our values. More than this, retention, diversity and environmental policies are considered elements that affect our work, and therefore our services. On the one hand, this is a tough challenge. On the other one, it is a great opportunity to strengthen our identity as a firm.

Defining our values is not as easy as imaginable. Different partners could have different ideas about the firm's driving principles or the management of complex ethical issues. And even the history of the firm we work for can be at the same time a blessing and a curse.

Having coordinated the creation of LCA's first social report, which will be published in June, this resonates a lot with me. Because of the lack of a common framework for social reporting (and especially for social reporting in the law firm scenario), we had the opportunity of delivering something unique, so we decided to rethink ourselves from an "innovability" perspective. Firstly, we started a think tank to decide what sustainability meant for us and how to frame the single topics. Later, together we wrote the index and started the drafting process with the respective departments. We wanted to differentiate ourselves from our competitors, but in a meaningful - not comparative - way. Finally, we took some time to reflect on the outcome and decided to make it an annual release. The path to awareness, indeed, is dynamic, not static.

After its conclusion, we noticed three positive elements. Firstly, we were providing our clients an opportunity to delve into what we are doing in each area, allowing them to know more about the aspects that they feel are relevant. Secondly, we were making professionals and business services more aware of all our efforts in the sustainability scenario. Last but not least, we were cementing ourselves along with the values we stand for. The result? We had another proof that sustainability, intended in its broader meaning, is an endless challenge. The more we do as a firm, the more we know how much we have to do.

The second driver: transparency

Law firms are not renowned to be transparent. In some countries, they don't publish revenues or PeP (profit per equity partner). Sometimes they don't reveal associates' salaries, or they are very secretive about their governance or IT structures.

While a client typically knows a lot about our services, she does not know about the provider. Someone could say that this is irrelevant (I am hiring a lawyer because of her skills, not because of the dynamics of the law firm she's working for), but – at the same time - we are seeing in the corporate world an identification between the service and the providers. Companies are sharing social and integrated reports, communication towards clients/users/consumers is always more personal, and we - as consumers and citizens are way more interested in processes than a few years ago. The rise of blockchain, the spread use of algorithms, and the new strategies of data governance will only enhance this phenomenon.

What the market is showing us is that a law firm that does not work efficiently and does not care about its professionals will not be able to offer the best possible services. For this reason, if once trust towards a lawyer was the result of a personal relationship between a partner and a general counsel, or the consequence of long-standing, 360 degrees, agreements between a firm and a company, now it relies more and more on processes and people. What are your policies regarding young professionals and diversity? How can I be sure that your best lawyers are staffed on my deal? How do you determine the pricing of a specific transaction? The fact that most in-house counsels have law firm backgrounds influences this process as well. They know the pain points of law firms, and they use it to their advantage.

That said, how can we promote transparency in a law firm scenario?

First, we can invest in accountability. And accountability means empowering professionals and business services for every single action, even the smallest ones. However, it means also catching potential bottlenecks, investing in contract lifecycle management, and involving project managers and engineers in law firms' strategies (not surprisingly, these kinds of figures are quite in-demand from a market perspective). I would also suggest the promotion and the release of specific action items within a defined timeline, but taking into account that they will be surely checked by clients and competitors. If a law firm commits to a diversity quota or a zero-travel policy within 2023, someone will check what has been done.

Second, we can become more data-driven. If once trust was earned through long networking sessions, personal interactions, and endless chats with a general counsel or a CEO, now it is always more based on quantifiable and trackable elements. Sometimes, the general counsels and the CEOs are the ones asking for them. Sometimes, it's a company decision. Can I see your cybersecurity and environmental certifications? How are you treating my data? What are your efforts in terms of fossil fuel reduction? The investment in KPIs/ ROIs, once an optional, is becoming a necessity, whether we like it or not.

Thirdly, we can choose to be more empathetic, both as professionals and as law firms. As lawyers, we tend to be ego-driven. We don't share stories of loss, young professionals who left for competitors, or burnouts.

Our track records and submissions only consider the best clients' stories, and the quotes we share are carefully selected. On the first layer, this is reasonable, and the clients consider it acceptable. But as soon as we break the layer, we notice that no one is a superhero and that each of us is human. Assuming that empathy and competence are related (someone would disagree with me on this point), bringing a human touch to the legal profession becomes a very impactful goal. A partner of the firm I work for uses to say that it is better to have as a colleague a good professional who is an exceptional human being than an exceptional professional who is a bad human being. I would go forward. The best professionals, soon, will be those who have invested in themselves to become extraordinary human beings.

Involving the client in (the third driver)

The lesson that companies like Amazon, Uber, and Netflix are teaching us is that we will always be more inclined to customer-centric products and services. The more we shift our mindset towards the concept of "product", the more we will be able to be in line with clients' requests. The same client who eats at home with Deliveroo, travels with Airbnb, and entertains her family with Disney Plus, is expecting the same kind of care for us. *What kind of lesson can we learn?* Simple answer: client first. Not only in terms of services, but also in terms of knowledge. The companies who offer the best services are the ones who know us better than their competitors.

As lawyers, we tend to see clients in a passive role. It's part of the deal. When we deal with complex issues, we involve them as sources of relevant information. In litigation, we consider the key players for a successful strategy. But this is a different form of involvement. It is a process of co-creation with them. It is delineating a space that did not exist before, the one of interaction, where we collaborate with our clients not just as service providers, but as peers. The convergence and divergence process involves a leap of faith, and there are certainly downsides, but in my experience, the positive aspects are way more relevant than the cons.

So, how can we bring the client in?

I would suggest three simple actions. The first one would be listening sessions. Long sessions, not billed, where we listen to what clients have to say about our service. No products to sell, no networking focus, just pure and simple listening. It is surprising how much we can learn from staying silent for a while, and how many simple actions can be so effective.

The second one would be doing something together. It could be the constitution of an association. Or a charity initiative. Sports activities can be good as well. As imaginable, the risk of crossing the networking line is tangible, but our focus should be on knowing the client much more than before. The more we will be able to know her, the better the service will be. At the end of the day, we aspire to be not only service providers but trustable professionals. And trustable professionals are not the ones who know about the law, but the ones who you would ask for suggestions regarding children, travels, or tough personal decisions. As a wise partner told me once, the way you do anything is the way you do everything.

The third one would be the use of surveys and structured feedback. For this kind of activity, I would suggest the involvement of professionals with a design-thinking or a marketing background. The focus of this process is not on learning the things we want to hear, but on the 'bad ones'. The ones that come only with anonymized forms. The ones we are not expecting. The more the data, and the more the details provided, the better we will have done our job (and the better the possibilities of improving our services/products).

Of course, different departments will face the collaboration challenge in a different ways. If I think about the firm I work for, practices like litigation, white-collar crimes, and corporate have very different approaches, methods, and players. But I still believe that – on both the sides of the river – there are humans, with their emotions, their fears, and their struggles. When I think about the client, I think about someone who is asking for support not only from a professional perspective but from a personal one. And the more I will be able to intercept the human, the more I will be considered as a journey companion, and not just as a service – or product - provider.

Conclusions

I frequently stress that this is an exciting moment to be a lawyer. The offer is expanding, the demand is rising, and the exponential innovation is certainly providing several challenging legal issues to solve. On the other hand, the revolution we are experiencing brings with it a relevant amount of difficulty, because the role of the lawyer – as we know it – is quickly changing, both in terms of actions and perceptions.

In a recent conference, I had the pleasure of attending, a managing partner asked another managing partner: "What keeps you awake at night?" I won't reveal her answer, but I can share the one that was rambling in my mind when I made myself the same question. The fear of not being able to ride properly the wave of the changing scenario.

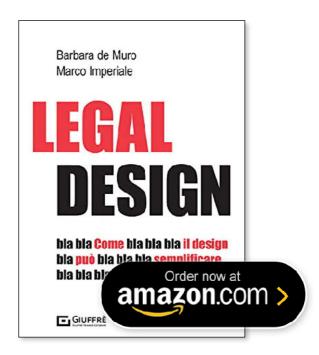
The changing scenario in our profession brings evolving paradigms. And the wind of change will benefit only those who are capable of building the windmills. However, the more we will be able to use these drivers to our advantage, the more we will impact our clients, and society in general, in a relevant way. Not a bad deal, after all.

About the Author

Marco is a lawyer and the Head of Innovation at LCA, a leading Italian firm. He has extensive experience in legal design, legal tech, and in the interplay of copyright law and the entertainment industry.

Whenever he finds time, he also works as mediator, teaching fellow for Harvard Law School (CopyrightX course), and mindfulness trainer.

He is a frequent public speaker and the author, together with Barbara de Muro, of the first Italian book on legal design.





Productization of The Law Firm Sale

Three principles law firms should borrow from tech companies' marketing playbooks

By Minoo Razavi, Digital Marketing Director at ActiveNav



With the conservative backdrop of a law firms' strategy function, where sometimes even the words "sale" or "pitch" are shunned, "product marketing" would be considered straight out of left field. My foray into a law firm after an established SaaS marketing tenure proved otherwise. In fact, there is great missed opportunity when law firms take an exclusionary approach to marketing practices for different verticals.

Three principles outlined below take a page–or three–out of what is standard practice in SaaS/ technology company marketing departments and apply them to law firms. In fact, productization and product marketing may be the key to



scalable and sustainable growth for law firm strategy.

Legal Service as A Product

Yes, I said it. To utilize this framework, imagine your service as a product you pitch to sell to your clients. Marketing serves as the language you use to make the pitch, close the sale, request remittance of feedback, cross-sell, upsell, and retain customers. There is no denying the differences between the law firm sale and a product one, but this framework draws on canny resemblances that are often overlooked.

Once you imagine the legal service as a product,

you can also benefit from the tested and maturized growth playbooks this century's storied technology companies utilize. booming growth, billions of dollars in funding and accelerated market share capture happens in the tech world.

Product Marketing Messaging Playbooks

Once the law firm pitch is recognized as a product of sorts, albeit highly customized to each client, it changes form. No longer a nebulous existence, firms' services become a tangible entity to be assessed, discussed, and presented. Productization primes the strategy team to identify "features", "value propositions" and "specifications" of the practice areas. Messaging playbooks are time-tested messaging frameworks that lawyers, the "sales team", can digest easily and utilize in commercial conversations.

Product marketers know this well: message the product to the audience's frame of reference. Do not speak about the product benefits; speak to the audience's pain points which the product can resolve. Many a law firm invests in outside consultants or specialized teams trying to somehow coach lawyers to conduct business development more effectively. This aspect of professional development can be achieved much more effectively when the lawyer's mindset is fixated on what they're selling as a packaged product, rather than the often ephemeral "practice area". A product is defined, has specifications, and most importantly, can be presented succinctly as a solution. Productization means messaging playbooks can be developed with standardized language and ultimately utilized like templates across the firm.

Driving Efficient Prospecting Conversations

Lawyers' business development conversations are often rendered inefficient—and costly to the firm. True to their mastered habit, as socalled "problem-solvers", these prospecting conversations find the lawyer getting knee deep into details of their prospect's case straight from the get-go. It's a lawyer's strength to listen keenly, hear out the details of the client's matter, digest, and try to resolve it.

While this is valuable information the lawyer will ultimately need, it will likely *not* move the commercial conversation of selling the law firm's services forward. Thus, prospecting conversations and initial touch points become unnecessarily prolonged and costly.

Lawyers should be equipped with playbooks of market messaging for the firms (and their specialty) product. In a commercial conversation with a prospect, these playbooks guide lawyers to pitch their product and the firm with succinct language. They present their services as aligned to the prospect's needs, using an outside-in framing which resonates with the buyer. There will be time to get sucked into the blackhole that is a client's or case's details later. The initial BD conversation and pitch discussion is not the one where all details need to be discussed. Focusing on the product messaging, rather than the case details, transforms these initial conversations with the prospect into ones that drive commercial engagement.

With more commercially productive conversations, less time is wasted on discussing the case and more time is spent on finding alignment between the firm and the prospect's needs. When alignment is identified early on, the prospect will sign earlier, and then there is all the time in the world a lawyer can bill for solicited legal advice. On the flip side, when alignment can't be identified early, lawyers will waste less valuable (and costly) time, pursuing a prospect that will not further the firm's commercial goals.

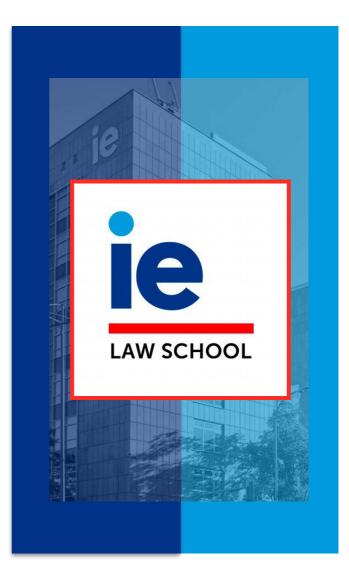
Conclusion

Embrace the idea of pitching legal services as a product to make a sale. Once practice areas and services are reframed as products, firms can succinctly message each with an eye towards value propositions the audience is keen to hear. Additionally, message delivery is much more effective when lawyers are enabled to discuss their practice as a tangible, contained entity, rather than a nebulous one. Firms often struggle to justify the high cost of lawyer's business development efforts. Lawyer's prospecting conversations become more commercially driven, efficient and succinct with messaging playbooks.

Today, the technology sector is the hallmark of accelerated growth. Law firms can effect a similar trajectory when commercial activities in the firm are organized like the sales and marketing functions in tech companies. Lean into the analogy by productizing your law firm services.

About the Author

Minoo Razavi is a serial founding digital marketer who thrives at the intersection of technology, communication, & culture. She has founded and led two marketing departments in high-growth B2B SaaS companies, most notably in the legal tech industry. Minoo drives aggressive go-to-market strategies and engineers the marketing function with an eye towards organizational maturity and sustained accelerated growth. In her current role, Minoo heads the digital marketing and communications department at ActiveNay, a leading data privacy and governance platform that enables organizations to discover and manage their unstructured data. Minoo is a native of the DC Metro area. In her free time, she volunteers for civic movements supporting refugee and immigrant resettlement in the USA, most recently at Team America Relief.





Supporting the Building of Kazakhstan 4.0

By Matthew Farmer (I), Mark Beer (m) and John Martin St. Valery (r)





Kazakhstan is a country steeped in culture and history: The 9th biggest country in the world, with a land mass greater than Western Europe, humans have lived in this vast territory for over 800,000 years. Fast forward to modern times, and Kazakhstan has transformed from Empires of the Huns and the Mongols, as well as the Kazakh Khanate and Russian occupation (v 1.0), to the Soviet era (v 2.0), the era of the First President (v 3.0) and is now entering v 4.0, and the transition to the Fourth Industrial Revolution and a digital society serving the people, under the leadership and with the vision of President Kassym-Jomart Tokayev. This vision has seen many developments, with a strong focus on the economic development of Kazakhstan, and a desire to build on the foundations of what has come before, along with ambitious plans to build a 'new' and prosperous Kazakhstan. This article will touch on some of the plans for reform that

the President has outlined, as well as some of the support which has been provided by various industries, as Kazakhstan stands on the verge of a new dawn.

President Tokayev has reiterated that Kazakhstan's Government will continue with its plans for large-scale reforms to the political, economic, legal and media climate of Kazakhstan. These reforms aim to ensure the sanctity of investments in the country as well as further develop elements such as anti-corruption and the empowerment of a People's Ombudsman reporting directly to the newly established Constitutional Court.

President Tokayev seeks to decentralise power, with reforms at a Constitutional level limiting the powers of his office and transferring that power to the Parliament and the citizens of Kazakhstan. Among the proposed political reforms are changes to the electoral system and a reduction in the number of officials that the President can appoint, seeking to 'root out' the overconcentration of powers with any one person. President Tokayev has said that these reforms should start from the review of the formation of the Senate (the upper house of Parliament) and the Mazhilis (the lower house of Parliament). There are also proposed changes which will allow for the creation of a multi-party system, with the number of people required to create a political party being reduced from 20,000 to 5,000. It has been said that a key goal of the modernisation of Kazakhstan's political landscape is to increase the role of its citizens in the Government by means of the electoral process.

Accountability of his government is also something that President Tokayev values, which can be seen by his comments on the importance of a free media: He has said that the media can, and should, be raising pressing issues and adding that this should be done "with a great civic responsibility".

While the political reforms are largely aimed at the decentralisation of power from the President and inviting greater involvement of the Kazakh people in Government, the President's economic reforms are aimed at improving international relations and creating an environment which invites foreign direct investment, in collaboration with Kazakh businesses and individuals. There are various policies and reforms which the President has already put in place which are aimed at cementing Kazakhstan's position as a secure environment for investment into Kazakhstan and the wider CIS region.

In a statement President Tokayev said that

"Kazakhstan remains consistently open to multifaceted cooperation with the international community," and further adding that "We will continue to strengthen close ties with partners to benefit our country and our people. Our investment policy of open doors also remains consistent,". This is a policy which has certainly already seen positive development, with Kazakhstan having experienced a gradual increase in foreign direct investment throughout 2021, with an increase of 5.8%, following a year of severe decline in 2020 as a result of the pandemic. This is a clear indication of the important role that international relations plays in economic development.

In addition to the open-door, secure investment policy adopted by Kazakhstan, another element which invites confidence in investment is the Astana International Financial Centre (AIFC). The Centre provides an English language business environment, benefitting from laws and regulations which are both familiar and represent international best practice. It offers a safe harbour for investment that seeks the high returns available in the region, and offers one of the world's leading English language commercial courts, led by Chief Justice The Rt Hon Lord Manse to help to resolve disputes.

The regulatory regime is the most advanced in the region, modelled on equivalent financial centres in Dubai, London and Singapore, offering institutions a safe and solid regulatory foundation for financial services. All that wrapped around an enabling and low tax business environment.

The final piece of this economic plan that the Kazakh government has adopted is an openness to work with international business leaders to use their knowledge and experience to adapt and develop the investor landscape to a world class standard. An example of this can be seen in the recently signed Memorandum of Understanding (MoU) by Kazakh Invest with the AIFC-based international law firm Seven Pillars Law and the Foreign investment specialist JacksonMSV. This MoU seeks to leverage the experience and network of Seven Pillars Law and JacksonMSV to bring in foreign investment.

While there are many important benefits that these reforms may bring about, there is none more so than the benefit to Kazakhstan and its people, through the creation of jobs, protection of human rights and effective leadership. As evident from the discussion above, these reforms and economic policies should improve the lives of the people of Kazakhstan, with greater involvement in the Government as a result of the political reforms and an improved economic position as a result of the opportunities created via the economic policies. However, this is not the only improvement which President Tokayev and his government look to bring to the lives of their people, as there is also significant focus being placed on the empowerment of citizens' rights.

This is closely related to the political and constitutional reforms discussed above. These reforms extend to the independence and effectiveness of Courts and law enforcement agencies, with fresh measures to protect human rights, including the establishment of a Constitutional Court. President Tokayev has also signed "On further measures of the Republic of Kazakhstan in the field of human rights", which he said represents an important step in the modernisation of the country. This decree includes measures designed to improve cooperation mechanisms with the UN Human Rights Council. Some of the stated priority areas include the elimination of discrimination against women, and boosting freedom of association and expression.

These political reforms, economic policies and development of Human Rights practices in the country are all positive developments. Since its independence 30 short years ago, Kazakhstan has built itself into the leader in the Central Asia region, and if President Tokayev is able to execute his vision, the citizens of Kazakhstan will no doubt be reaping the benefits for generations to come.

About the Authors

The article is authored by Matthew Farmer With support from Mark Beer OBE, and John Martin St. Valery OBE .

Matthew works at the Leading Kazakh law firm Seven Pillars Law, head quartered in the AIFC and holds an Undergraduate law degree from the University of the Western Cape in South Africa and a Masters Degree in Intellectual Property law from the NTU (UK).

Mark Beer OBE, is Co-founder of Seven Pillars Law, visiting fellow at Oxford University, visiting professor at Shanghai University for Political Science and Law, and a member of the World Economic Forum's Expert Network. Mark specialises in helping to resolve disputes, whether between Governments, companies or individuals. He also Chairs The Metis Institute, which advises Governments on the implementation of dispute resolution reform that promotes citizen-centric dispute resolution.

John Martin St.Valery OBE is a foreign direct investment specialist and Managing partner of JacksonMSV with offices in Dubai, London and AIFC, Nur Sultan. He is chair of the British Business Group for Dubai and Northern Emirates and works closely with the UK Government Department for International Trade. Assisting companies to enter new markets and scale is his speciality.





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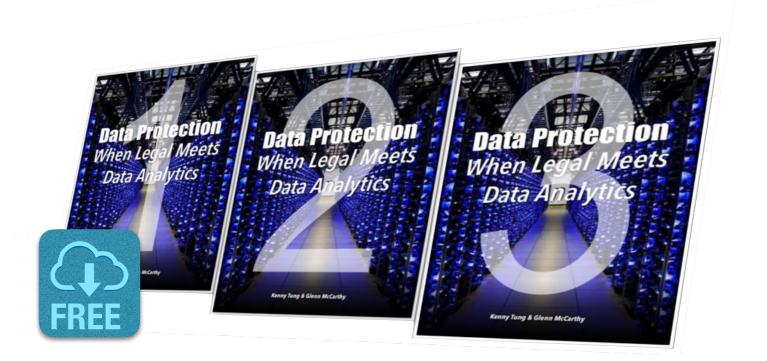
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Better Fintech Products Depend on Legal Embedding Early and Often

By Nick Tiger, Tech Lawyer & Thought Partner



The fintech space has already revolutionized consumer finance by becoming a hotbed for new, innovative takes on traditional financial products. Fintechs have the power to increase the democratization of finance for the unbanked and underbanked. As the industry matures, some start-ups are now going head-to-head with traditional lenders to deliver better value props for prime and super-prime customer segments. With the explosive growth and so many competing business priorities, it is easy for an in-house product attorney to get lost in all the shuffle, hubbub, and ambition of their product teams.

To ensure better fintech products go to market, in-house counsel must step up their game. An efficient in-house counsel's ability to effectively challenge and positively influence their product

FINTECH STA

teams depends on successfully embedding with the business - early and often.

Embedding with the business entails strategic positioning of legal's resources to gain additional information regarding the product team's agenda and their underlying motivations. I find it fun to think of yourself as a risk-mitigating mole with the agility to maneuver silos to keep a closer pulse on where the business is headed.

Why You Should Embed

Embedding with the business on early product concepts allows you to more quickly identify risks and influence the more malleable business intent (before they've spent money and resources on it).

How to Embed.

Your own methods of embedding will vary based on your specific industry, company culture, and personal style. For some, embedding may look like attending weekly product check-ins, creating dedicated slack channels to exchange information, or traveling off-site for larger brainstorming collaborations between legal and the product team. By paying attention to the chatter in meetings, Slack, and talk around the watercooler (literal or metaphorical), you position yourself well to be closer to the center of what is trending in product land.

Before you swing for the fences, know that there is such a thing as being too embedded. Remember that your colleagues expect a fast-paced fintech environment with no unnecessary meetings or arbitrary processes. Seek feedback from your product team about meetings and check-ins to identify if adjustments to your style are needed.

Bonus tip: When you can, log on to scheduled meetings at the start time to chit chat with participants. I know it can be awkward, but I have had many meetings where the "real meeting" occurred in the first 5 minutes while we were waiting for others to log on.

When to Embed. I recommend embedding as soon as humanly possible. Note the keyword: *humanly*. Even an all-star product counsel cannot be omnipresent as to every single idea that the product team has for each new innovation. However, we can detect new ideas circulating as soon as they become a conversation. When conversations are repeated, they morph into a more tangible product concept. Basically, we cannot know what ideas are in people's heads, but we can pay attention to patterns of talk.

Tracking Talk. I have had personal success keeping a spreadsheet of product chatter. It helps me avoid surprises and keep a bird's eye view of product land. If an idea has only been talked about a few times and is innocuous, I only spend a few moments jotting it down. I think of this strategy as "embedding light." However, it if is a more complex product idea, I recommend investing more time in being detailed. From there, you can begin to set the tone and manage expectations with the product team. *Bonus tip* – Do not worry about making your chatter trackers pretty. Frankly, we just do not have time to be English-paper perfect at work and your product team will never even notice.

About the Author

Nick Tiger is a seasoned consumer protection advocate and product counsel in the financial services and "fintech" industries. Nick got his start as a bank teller working toward his undergraduate degree at Webster University in St. Louis, Missouri, USA. He was later promoted to banker and then branch sales manager, where he experienced first-hand the impacts of the 2008 Financial Crisis. To better understand the causes of the Great Recession, Nick attended law school at the University of Missouri-Kansas City, USA. From there, Nick has held leadership posts as a bankruptcy specialist, a debt collector, a professor, an in-house counsel for a major bank, and most recently the lead in-house product counsel for a neobank experiencing exploding growth.

In addition to his identity as a financial reformer, Nick is differently-abled and a proud member of the LGBT community who is passionate about Diversity, Equity, and Inclusion (DEI). He loves applying the teachings of DEI to gain a competitive edge in solving real-world business problems, particularly for rural American communities. Nick is the cohost of the Pride from Prejudice Podcast: Truths from the New American South. In his free time, he has recently taken to genealogy and gardening.

COMING SOON BY LEGAL BUSINESS WORLD

10th Anniversary edition of the Bellwether, "Transformation troubles" Report

Many small law firms are thinking big when it comes to the tech they need to see them through another period of profound change. More than 80% of small and medium law firms reported financial performance at or better than expectations. But the post-COVID boom is receding, and the 'great resignation' has led to renewed pressure. Ambitious firms are turning to legal tech to help them thrive.

LONDON, UK, 16th May, 2022 – Today, LexisNexis Legal & Professional released the 10th Anniversary edition of the Bellwether, titled "Transformation troubles".

Building on a decade of sharing insights on the independent legal market, this report suggests that the post-lockdown boom has continued into 2022. 91% of the market voiced confidence in the future of their firm and 33% noted they had outperformed revenue expectations – maintaining the highs of 2021. Having endured several tough years, firms are starting to feel the benefits of the tough decisions they made to survive. However, external pressures continue to challenge profitability. A staggering 81% of respondents, with knowledge of their PII, reported that their costs had increased at renewal.

Whilst there remains a clear desire to grow organically, the number of firms actively open to a merger or acquisition has climbed almost 10% since 2021. This may be because we are seeing signs that the post-pandemic growth boom is plateauing. 51% of respondents stated they were growing, a notable slip from the 66% in 2021 and 57% in 2019.

Just as growth projections return to the pre-pandemic 'normal', the traditional problems for the sector have also returned. The 'great resignation' has left its mark on the sector. Around 50% of contributors commented that recruiting and retaining good lawyers is now one of their top 3 challenges, with sizeable unease that they would be able to compete effectively for talent. This is clearly causing pain, as winning new business is seen as an equally big challenge.

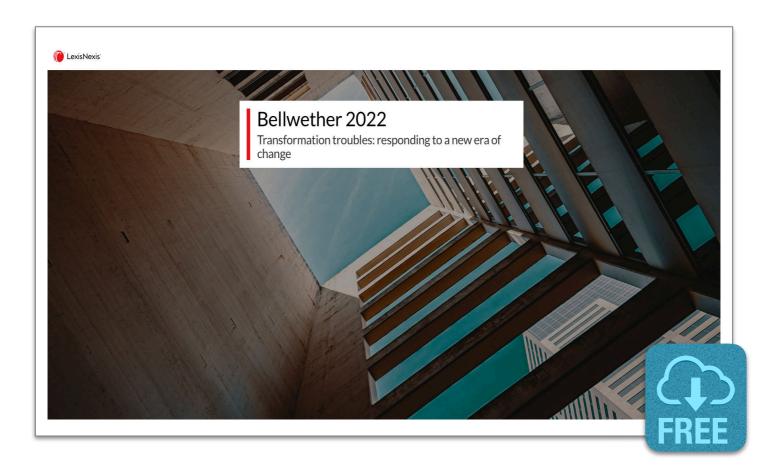
To combat these threats, ambitious firms are investing in cloud-based tech to drive greater efficiencies and win more business. 36% had already increased their investment in technology and 24% were planning to do so. When asked which tech tools are currently in place, perhaps unsurprisingly, teleconferencing software such as Microsoft Teams had the highest adoption rate at 79%. This was followed by legal research tools, such as LexisNexis, at 69%.

Whilst some firms have welcomed technology with open arms, 47% say they have no plans to invest in any technology at all. 74% say they still use Google for free research and guidance – even though 63% of the survey acknowledged this was riskier and slower than using legal tech.

The divide in the industry continues when looking at business generation activities and ways of working. Only 46% are investing in their marketing spend and 55% are developing a social media strategy. Almost 50% are insisting their teams come into the office 5 days a week.

Rakhee Patel, Senior Marketing Manager and the report's author, commented "It is wonderful to see that the industry has found its feet again after such a challenging period. But with continued challenges with recruitment and business generation, firms must be open to embracing new technologies so that they can survive, grow and thrive."

Read the report here: <u>https://www.lexisnex-</u> is.co.uk/insights/bellwether-2022/index.html or click on the report below.





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AGENDA OVERVIEW

Day 1

- Opening Lunch Followed by Peer to Peer Facilitated Sessions
- Welcome Reception at Ritz Carlton Ocean Lawn
- Opening Dinner at Ritz Carlton Tacos and Tequila

Day 2

- Breakfast & Lunch Followed by Peer to Peer Facilitated Sessions
- Offsite Dinner Sam's Chowder House
- Night Cap Ritz Carlton

Day 3

Breakfast Followed by Peer to Peer Facilitated Session



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<u>Podcast series by Ari Kaplan</u>, designed to offer ideas, guidance, and perspectives on how to effectively navigate a perpetually shifting professional landscape, with a unique focus on the legal industry and the technology that is driving its evolution.

Leveraging Technology to Systematize Your Operations May 17, 2022

I spoke with Owen McGab Enaohwo, the co-founder and CEO of SweetProcess, a software platform designed to systematize an organization's business operations. We discussed how professionals can leverage technology to systematize their tasks, best practices for documenting procedures, the challenges associated with that effort, and the results an organization can expect once it streamlines its processes.

How Organizations Should Define Wellness

May 13, 2022

I spoke with John Robertson, the founder of Fortlog Services, a training company that focuses on helping organizations manage transitions: workplace change and upheaval, conflict, and stress, among other areas. We discussed how organizations should define wellness, ways they can optimize it, and best practices for addressing and resolving conflicts in the workplace.

The Trajectory of Justice Tech

May 6, 2022

I spoke with Maya Markovich, the justice tech executive in residence at Village Capital, and the executive director of the Justice Technology Association. We discussed the mission of the Justice Technology Association, the problems that justice tech aims to address, how her experience with NextLaw Labs has helped to shape her approach, and where justice tech is headed.

Addressing Key Information Governance Challenges

May 5, 2022

I spoke with Craig Carpenter and Dean Gonsowski, the CEO and CRO, respectively for Gimmal, a provider of software and services to streamline the discovery, migration, governance, and compliance of information. We discussed the genesis of Gimmal, the biggest information governance challenges that legal teams need to address, how companies should revise their records retention and document management plans, and the impact that technology is having on the way organizations approach their e-discovery matters.

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