# Innovating with Legal Technology: Advice from Vendor CEOs

**Technology, Privacy, and eCommerce**

With burgeoning new legal technologies, and continuing pressure to reduce legal costs, corporate legal executives have both the opportunity and the challenge to select among innovative vendors to keep their department up to speed — but need to decide which services and how. In my role as associate vice president of legal management services of ACC, I convene legal department executives to engage in collaborative analysis of the full range of management challenges. Lately, I've noticed that companies are shifting from neutral into gear, sometimes full throttle, on leveraging technology to improve legal operations.

Yes, the hype can sometimes be dense: robot lawyers, innovation nirvana, frictionless flows, and more technological mysteries. Yet down on the ground, some sophisticated, innovation-focused legal departments are getting real work done. They have created effective processes to evaluate and exploit the tools offered in the increasingly busy marketplace for advanced legal technology.

With that progress in mind, I asked the savvy and seasoned CEOs of four leading suppliers of technology and data-driven services to share with ACCDocket.com their perspectives on smart shopping, trying, and buying. After all, their success depends on the success of their clients: lessons learned on one side of the table can be useful on the other. I spoke with Firoz Dattu, AdvanceLaw founder and chair; Noah Waisberg, Kira Systems co-founder and CEO; Andrew Shimek, Neota Logic president and COO (now chief revenue officer, DISCO); and Raymond E. Bayley, Novus Law president, CEO, and co-founder. Here's the advice they gave.

## Decide what to do

The first question vendors often ask is "what is the use case?" Or in non-software engineering terms, what's the problem to be solved, what's the legal service, or what's the set of tasks to be improved?

As Yogi Berra said: “If you don't know where you’re going, you’ll end up someplace else.” This should be obvious, yet too many legal departments decide to start using AI, then cast about for applications, rather than start with a specific opportunity in mind.

“Problem identification matters,” says Andrew Shimek of Neota Logic. “These projects are hard, requiring time and effort.” He suggests starting with projects that are simple and have a broad impact across the organization, such as rationalizing intake of legal service requests or automating NDAs and other documents for business users. With solid success on projects like these, departments can move on to more advanced applications (e.g., using software to answer compliance and policy questions).

“Get out of your neighborhood,” advises Raymond E. Bayley of Novus Law. Legal executives should broaden their view beyond Legal to focus on the company’s operations and strategy. In an insurance company, for example, how can legal technology help to lower premiums? Or in most any industry, how can it improve the velocity of transactions? Ask questions related to the business, then legal, and technology — in that order.

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Shiny new tech gadgets and processes are everywhere and intriguing. Yet, says Firoz Dattu of AdvanceLaw, “Technology is not particularly helpful by itself. The real gains are to be made from accompanying process innovation.” Dattu points out that general counsel are being offered so many different technology tools and law firm innovations, that it’s hard for them to decide which are actually valuable. Here we found common cause, because the ACC Value Challenge advocates using common sense approaches to improve relationships with law firms, for instance, through thoughtful preferred provider programs that genuinely enfranchise the firms and stave off complacency. And it’s worth noting regarding technology that the highest return often comes from ensuring the technology you already have is being used to its full potential.

## Build a process for innovation

These conversations with the vendors confirmed my view that organizations making real changes have a legal executive who leads a structured process that is backed by the general counsel and has the involvement of carefully selected stakeholders. Success is driven by “the people who are already asking ‘how are we delivering services today and how we can improve?’” Shimek stresses. Bayley describes the ideal innovation leader as “an individual who has interest, authority, and credibility… and is a really good salesperson.”

Pace is important, but so is the frequency of finishing projects. “The longer the gap [is] between innovations, the harder it is to do the next one; the interval allows time to build towers of defense against change,” Bayley points out. Borrowing from design thinking, innovation-focused legal departments test prototypes, and try out new processes and systems iteratively and quickly — yet also sequentially. Both leaders and followers need time to focus on each new initiative.

Not surprisingly, the CEOs with whom I spoke had quite a bit to say about stakeholders. It is perennially difficult in corporations to make decisions, largely because of the challenges around gathering the relevant people to evaluate opportunities.

“It’s easy to find the innovators in the legal department,” says Shimek, “but if they don’t have enough compadres, detractors will thwart them.” He advises leaders of innovation projects to involve tech-savvy lawyers early, identify potential nay-sayers, and plan how to address or work around their objections. This is essential when company procurement professionals are involved; the value proposition must be clear and stated in their terms.

## Make the case

Calculating a return on investment (ROI) is axiomatic in corporations, but not usually a familiar process for legal executives. Shimek advises a deliberative process with the budget owners, helping them see the benefits, including the intangibles, and the cost offsets. A critical step is defining the measures of project success.

The CEOs warn against overselling. “A lot of lawyers would like a 100 percent solution,” says Noah Waisberg of Kira Systems. But, he notes, that is not possible, even with state-of-the-art machine learning and natural language processing tools. “Software can generally get you to 80 percent.” Proponents of automation projects do well to point out that these programs require supplementing the machine with human expertise. “It’s powerful, but it’s not magic, and appropriate expectations are key,” says Waisberg.

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> Noah Waisberg, Kira Systems, Co-founder and CEO

On the flip side, lawyers’ ingrained risk aversion is often a headwind blowing against otherwise good investments. “Risk is inherent in everything we do; it can’t always be viewed as an impediment,” says Bayley. “Knowing how to calculate, price, or navigate risk is critical.” He points out that “many times when you walk through a risk assessment, the real risk is very small, usually less than one or two percent.” Being precedent-bound can also limit innovation: the question “who else is doing this?” too often comes before “is this a good thing for us to do?”

Fortunately, a ready response can often be found inside the company. Bayley suggests linking legal reengineering projects to the corporate strategic plan, zeroing in on goals that legal departments can help meet. To find examples of tech-enabled solutions, Shimek suggests looking to the company’s sales and customer engagement teams. Marketing, he observes, “has been flooded with AI tools.” Waisberg also advises legal departments to tap into their law firms’ experience with technology to gather data for the ROI calculation.

Given the continued rise of insourcing, Shimek notes that software can be used to ensure that in-house lawyers are focusing on the work that truly needs a lawyer while delegating the rest to intelligent automation. “Don’t talk in terms of reducing headcount,” he advises, “talk about time saved that allows people to be redeployed.”

## Buy what you really need

“The environment rewards healthy skepticism,” Waisberg says. “There’s both a lot more and a lot less going on than meets the eye when you read the articles.” On the less side, press releases are often issued about little pilot projects. On the more side, companies “may not have been talking

much, yet a year and a half in, there's real work happening where technology is having an impact." He cautions that "if a software company has received a lot of funding, that means something, but it's by no means a one-to-one correlation with value."

Waisberg also recommends that companies lean on law firm connections. "Ask hard questions about how they are using tools" in situations that match intended plans. Be careful about analogies, because a tool that gets great results in one practice area may not be effective in another.

He continues: "Be really clear about what you are trying to accomplish because the hype feeds the impression that you can just feed the computer and it will do everything." Thorough analysis is needed because there are many options and it's important to pick a tool that is well-suited to a well-defined problem. Especially among AI-based tools, "it's not one-size-fits-all," Waisberg warns.

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Law firms can also be partners with their clients in technology projects. "You can get to a better place thinking about technology plus people, including law firms or managed legal service providers," says Waisberg. "There are some high impact applications in use" involving collaborations among clients, legal service providers, and law firms.

## Build momentum

General counsel who are seeking to build a culture of innovation should not overlook their power as buyers of legal services. Putting pressure on law firms to bring data and technology to bear on behalf of clients is impactful. "Pushing their law firms to adapt has been very helpful for companies," Waisberg notes. For example, one general counsel showcased technology options like Kira at a meeting of panel firms. Many of those firms are now using Kira for the benefit of their client.

Vendor demonstrations are useful to inspire ideas, identify use cases, and find project champions. Liberty Mutual, for example, hosts "Vendor Showcase Days" that are attended by the general counsel and his leadership team. They use a polling system to make assessments in real time.

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Robert Taylor, who heads Liberty Mutual's Legal Ideation and Transformation team, points out that having a cross-section of law department leaders participate in the Showcase Days results in better selection and design of pilot projects. JPMorgan Chase's Legal Department included a "Legal Tech Expo" at a recent senior leaders conference. The Expo gave employees the opportunity to interact with technology prototypes at kiosks — a terrific example of a way to get feedback and refine services to ensure strong adoption.

## The broad view

These legal operations executives lead consensus-building processes to evaluate, create, and select

innovative services while embodying the ideal buyer profile that the aforementioned CEOs described. They methodically scan the horizon; focus on useful, well-defined projects; cultivate stakeholders; build partnerships within the enterprise and with others in the legal ecosystem; establish success metrics; and collect and provide thoughtful feedback to service providers to help shape software development. They know that processes should be reengineered before they are automated, and that organizations accept change when it is managed well.

## About the CEOs

**Raymond E. Bayley** is the president, CEO, and co-founder of Novus Law LLC, where he leads Novus Law's strategy, ethics, global operations, and quality management systems. He is the former managing partner of PricewaterhouseCoopers' North American Business Process Outsourcing organization, and the former CEO of a business process outsourcing company with large-scale operations in India. Bayley is a member of the Advisory Board of the Corporate Counsel Institute at Georgetown University Law Center and a fellow of the College of Law Practice Management.

**Firoz Dattu** is an industry thought leader, who has spent twenty years advising chief legal officers on their strategy and management issues. He is the founder and chair of AdvanceLaw, which helps nearly 200 general counsel identify top firms and lawyers and oversees the GC Thought Leaders Experiment. Prior to launching AdvanceLaw, Dattu was the managing director of the General Counsel Roundtable (now part of Gartner, Inc.). He has also been a teaching fellow in the Economics Department of Harvard University, and practiced law at Paul Weiss.

**Andrew Shimek** is the chief revenue officer for DISCO, the leading next generation eDiscovery cloud provider. With more than 20 years of experience in legal technology, Shimek has served in a broad array of leadership roles, including as president and COO of Neota Logic, an AI leader in legal affairs, to as president of EPIQ DTI's US$500 million global eDiscovery division. A former practicing lawyer, Shimek has a B.A. in English Literature and Business, and received his J.D. from the University of Minnesota.

**Noah Waisberg** is the co-founder and CEO of Kira Systems. Prior to founding Kira Systems, Waisberg practiced at the law firm Weil, Gotshal & Manges in New York, where he focused on private equity, M&A, and securities. Waisberg is an expert on contract analysis, legal technology, and AI; has spoken at conferences, including SXSW Interactive, ILTACON, and ReInvent Law; and was named 2016 ILTA Innovative Thought Leader of the Year. He holds a J.D. from the NYU School of Law, an A.M. from Brown University, and a B.A. with honours from McGill University.

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