Historically, the legal sector has been one of the least aggressive adopters of technology. But in a world where clients are increasingly clamoring for lower costs, fixed prices and efficient service, smart law firms know they have no choice but to harness technology if they want to thrive - and even survive - in today’s competitive landscape.

Think Smart: How Law Firms Harness Technology to Survive

SHERRY CUSHMAN
Executive Managing Director
Leader, Legal Sector Advisory Group
sherry.cushman@cushwake.com

JAMES MEIKLE, MRICS
Partner, Central London
Occuier Representation
james.meikle@eur.cushwake.com

JEREMY PEARSON
Managing Director
Tenant Advisory Group, Asia Pacific
jeremy.pearson@cushwake.com
More and more smart law firms are partnering with technology companies to provide automation and artificial intelligence (AI). They do this to streamline processes and increase efficiencies, saving their clients time and money, while freeing attorneys up to focus on much higher level, value-add work (see page 15). Due diligence automation, legal research, and more efficient matter management are just a few examples of technological solutions that help smart law firms differentiate themselves.

These examples are only the start of what’s being made possible through technology. In many ways, artificial intelligence – the act of computers completing tasks traditionally done by humans – is changing the way lawyers are practicing law. Not only does artificial intelligence help lawyers perform long tedious tasks like document review and legal research more efficiently, but in recent years artificial intelligence has advanced to the point that computers and software are now predicting the outcomes of court cases and providing counsel for people who might not be able to afford to hire a lawyer.

There’s no doubt about it – artificial intelligence is proving to be a real game changer for the industry.

Some examples of technology firms that smart law firms are partnering with include:

**ROSS Intelligence**: A legal research engine that uses artificial intelligence to automate legal processes, making them more efficient and less expensive. Leveraging IBM’s Watson, ROSS uses natural language processing to search and provide legal information from citations to full briefs.

**Luminance**: Artificial intelligence software designed to read (and understand) hundreds of pages of complex legal documentation per minute, drawing out key findings without the need to be told what to look for.

**RAVN Systems**: RAVN’s artificial intelligence platform powers a number of applications to read, interpret and summarize key information from documents and unstructured data. Benefits include higher margins, increased efficiencies and risk mitigation.

**Apperio**: A legal technology start-up that is changing the way law firms handle matter management, by allowing firms to plan, track and review matters much more seamlessly.

**Doxly**: A transaction management platform that brings efficiency, transparency and order to complex business transactions, shifting transaction management from a cost center to a profit center.

**NextLaw Labs**: A business accelerator focused on investing in, developing and deploying new technologies (including ROSS Intelligence, RAVN Systems, Apperio and Doxly) to transform the practice of law.
The near-term impact …

In order to stay competitive and agile, the legal sector is being challenged to determine the right go-forward strategy towards automation and marketplace differentiation. While real estate continues to remain the #1 fixed expense within law firms other than salaries, technology is now #2, according to the most recent Cushman & Wakefield National Legal Sector Benchmark Survey Results.

In the meantime, lawyers don’t necessarily need to look for a new career, but instead embrace and identify how to utilize the new technologies to advance their careers. A lawyer that knows the ins and outs of artificial intelligence and how to leverage it can provide significant value to both their firm and its clients.

The groups, however, that could face a threat in the near term are paralegals and junior attorneys. While document review technology is unlikely to wipe out the human element anytime soon, paralegals and junior attorneys who handle such process-driven work may need to find other value-added tasks and roles to justify their positions.

Artificial intelligence will replace 16% of American jobs by the end of the decade.
- Forrester

The long-term impact …

In business, change is inevitable – especially when it comes to technology. Technology is only getting smarter, so if law firms are going to survive, they need to be willing to continually evolve by staying up on, investing in and leveraging the right technologies.

Over the long term, the law firm staffing model will inevitably shift as well to align with the new technologies. According to CoreNet Global, over the next 10 to 20 years, potentially 40 to 60% of the workforce that is now doing transactional work could be replaced and augmented by artificial intelligence, workforce automation and smart cognitive thinking machines. Companies need to plan for and address this shift from human work to robotics.

For instance, the number of secretaries hired has already dropped due to specialized legal assistant versions of ‘Siri’ equipped to arrange meetings and book flights. According to the National Legal Sector Benchmark Survey, attorneys continue to do more of their own administrative work, with 21% of respondents noting that attorneys within their firms did 50% or more of their own administrative work, a dramatic increase from 8% the year prior.

What’s coming at us is even bigger than the original Internet.
- Tim O’Reilly, Next: Economy

In addition, the number of associates firms need to hire may also be greatly reduced since technology will have taken over most of the lower level work. Firms will struggle to overcome this gap in the usual career paths and will need to identify a way to hire and train young lawyers to become the next rainmakers. In response to this shift, law firms are beginning business development training for associates from day one, with 39% of survey respondents stating that associates were actively involved in business development efforts as soon as they join their firm.

The prospect of artificial intelligence and advanced robotics taking on tasks once reserved for humans is no longer on the distant horizon. The future is here, and according to Tim O’Reilly at Next:Economy, “What’s coming at us is even bigger than the original Internet.” Instead of trying to estimate the jobs that could be automated in a wholesale way, it is useful to look at this issue through the lens of activities. Recent McKinsey research finds that up to 45% of the tasks performed by US workers can be automated by currently existing technologies. About 60% of occupations could have 30% or more of their activities automated. This doesn’t mean it’s time to hit the panic button. Many jobs and business processes will be redefined and the ways in which technology complements work will evolve rapidly. Our institutions and policies need to be ready to help individuals acquire new skills and navigate a period of dislocation and transition.
The ‘new normal’

Smart law firms understand that technology is going to play an increasingly larger role, and leveraging technologies on a day-to-day basis will become the ‘new normal’.

As artificial intelligence becomes more commonplace and a ‘norm’ within the workplace, it will be increasingly important for lawyers to possess empathy, creativity and imagination, as well as the ability to win a client’s loyalty and add value over and above any artificial intelligence system.

At the end of the day, artificial intelligence systems will never be able to replace human interaction. Humans are always going to prefer to eat lunch, go golfing and discuss deals with other humans, not robots. And although change may be inevitable when it comes to business, that’s one thing that will never change.

Over the next 10 to 20 years, potentially 40 to 60% of the workforce that is now doing transactional work could be replaced and augmented by artificial intelligence, workforce automation and smart cognitive thinking machines.

- CoreNet Global

**Overcome price pressures**

Document automation gives lawyers the pricing flexibility to respond to clients’ pricing demands without hurting profitability. This reduces write-downs and employs fixed fees or lower rates without losing money.

**Draft documents faster**

Document automation reduces the number of hours lawyers spend drafting deal documents and improves the productivity of lawyers and staff. This in turn, creates documents up to 80% faster, while spending less time on process work.

**Reduce write-downs**

Write-downs have a substantial impact on profitability and are challenging to manage. With efficiencies achieved through legal document automation, lawyers can dramatically reduce those write-downs.

**Deliver higher value work**

Time spent on lower value tasks is reduced so that lawyers can focus more on the high-value work that led them to become lawyers in the first place – the work that clients value most.

**Differentiate from competitors**

Through legal document automation, firms can differentiate themselves from competitors, and market their expertise distinctly to their prospective clients.

**Acquire more business**

By extending their forms online, lawyers can attract new clients and drive more business from existing clients. By lowering costs, and making those costs more predictable, legal document automation offers firms greater pricing flexibility.

**Increase lawyer capacity**

Legal document automation makes lawyers more productive, helping them handle matters more efficiently.

**Improve accuracy**

Last-minute deal changes can affect dozens of text sections, calculations, and signature blocks. Legal document automation systems make all the changes effortlessly reducing errors and saving time.