The Network Effect: How the AI-powered legal profession is gathering pace

Luminance's Emily Foges on the advance of legal tech

In 2019, relationships between different legal service providers are a driving force for the adoption of legal technology. Following the emergence of true artificial intelligence (AI) within the market, the rate of adoption is gathering speed in firms and organisations as technology has increasingly become a competitive necessity. True AI harnesses the latest advances in machine learning solutions to empower lawyers to return to the first principles of law; fulfilling the time-honoured role of trusted adviser. This ground-breaking technology also serves to eliminate some of the historic barriers to adoption. Flexible, 'learning' algorithms are able to adapt to any document set and law firm, regardless of language, jurisdiction or specialism. This delivers value from day one, eliminating the need for resource and time-sapping configuration periods needed by extraction and rules-based systems. The real difference this time is that lawyers no longer need to adapt their professional processes to accommodate new solutions.

It is striking to see how the relationships between legal service providers drive the implementation of true AI. We see four key areas where competitive and collaborative dynamics are driving a surge in adoption; Big Law vs the Big Four, multinational firms and more focused legal practices, in-house teams and their advisory firms, and the wide variety of innovative players throughout the ecosystem around the legal profession.

BIG LAW vs BIG FOUR
The relationship between the largest law firms and the giants of accountancy drives a specific kind of competition. Deloitte, PwC, KPMG and EY are aggressively hiring leading lawyers from Top 100 firms to spearhead their legal services propositions, with PwC now the sixth largest legal service provider by headcount globally. Large law firms can defend their position against these organisations with established methodologies for innovation by remaining at the forefront of technology, deploying the benefits of machine learning to consolidate and further leverage their expertise. However, it is clear that the ambitions of the Big Four will not stop with the more commoditised end of the market for long.

MULTINATIONALS vs SMALL LEGAL PRACTICES
Multinational firms with dedicated innovation teams have largely been the first to capitalise on the added insight that AI brings to their daily practice. However, now that technology is so much easier to deploy, the first-mover advantage is no longer exclusively the preserve of large firms with the means and resources to spend months experimenting and piloting new systems. Challenger firms with an appetite for innovation are experiencing an opportunity to level the playing field. Ready to use in minutes and available on flexible consumption-based models, machine learning platforms help them to analyse swathes of data at record speeds, enabling these firms to bid for larger projects on equal terms.

IN-HOUSE TEAMS AND THEIR ADVISORY FIRMS
Larger law firms unquestionably influence the teams they advise, and we see an increasing propensity for in-house teams to show an interest in adopting technology which has proven value with their advisers. The experience of new technology in a large firm can be invaluable in encouraging smaller in-house teams to follow suit. However, the role of in-house teams as clients is equally compelling, as they motivate their panel of advisers to use the latest technology in order to provide them with the most valuable and competitive advice.

THE ENTIRE LEGAL ECOSYSTEM; NOT JUST FIRMS AND THEIR CLIENTS
When considering non-traditional service providers within the legal profession, less obvious players also have a role, such as reps and warranties insurers. The increased uptake of machine learning technology by insurers when underwriting M&A due diligence puts real pressure on law firms, as it can expose issues with existing methods like sampling. Insurance firms are now using more advanced tools than some lawyers conducting the initial review, and working a lot faster. Looking ahead, the necessity for more rigorous methods of review will drive deployment of solutions among those who rely on these insurers.

LOOKING TO THE FUTURE
The next generation of lawyers joining the profession are also now driving adoption. The way organisations react to and harness the potential of these young lawyers will be instrumental in gaining advantage in the

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increasingly competitive legal landscape. Junior lawyers are often those who feel the most pressure and are consistently faced with ever-increasing quantities of data to review, leading to unsustainable workloads and rising issues of burnout. Firms are in danger retaining those who are the most resilient workers, not the most talented lawyers. These pressures, coupled with young people's innate familiarity with consumer technology and expectations of instant answers in today's connected world, makes them more open to the idea of deploying innovative solutions in the workplace. As they rise through the ranks in their respective firms, they will inevitably look to AI to incorporate into their daily practice.

Firms, in-house teams and organisations throughout the legal industry are actively adopting the latest technologies and the interplay between these providers, coupled with the influx of young lawyers who champion AI, will propel innovation forward in 2019.

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