

Today, Tomorrow & Beyond:

The Rocky & Rebellious Road to a New Legal Industry

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Executive Summary

There is no turning back now: decades of status quo are over for the worldwide legal industry. Action-oriented pioneers, aided by new technologies, have set in motion a revolution that will forever alter the traditional legal services delivery model. Their innovations are testing the limits of overly-restrictive regulations and will slowly increase Access to Justice. The advancements happening now are irreversible; however, the speed with which they become commonplace will depend on the responses from the legal industry itself and their regulators. This whitepaper is an exploration of the current landscape and the motivation for both changing and resisting it Today, Tomorrow, & Beyond.

Today

A new day is dawning for corporate legal departments. After suffocating under increased workload and budget pressures for several years, in-house teams are finally taking advantage of their own purchasing power.

Companies are no longer solely at the mercy of their law firms' bespoke delivery model and steadily-increasing (and largely unreasonable) billable hour rates. Law firms are slowly but surely being forced by their clients to make changes, thanks to competition from alternative labor models and exciting technology advancements.

Today's Legal Tech developments are led by Artificial Intelligence mania. AI hype still far exceeds action. However, within virtually every legal matter, there are now several components which can be automated in ways that were inconceivable a decade ago. For example, legal "robots" are being put to good use analyzing millions of documents in mere seconds. They are also capable of creating self-executing contracts, managing e-billing/outside counsel bill review, and supporting legal research/litigation. In January of 2018, the makers of ROSS unveiled a new "drag and drop" brief analyzer with incredible potential: "EVA" can instantly determine if cited cases are still good law and offer other relevant citations to further strengthen an argument. The best part: the program is absolutely free for all lawyers, so there is no reason not to use it. As Mark Greene, a noted legal AI expert, states: "AI is allowing firms to leverage without associates and bill without hours." Nonetheless, there is considerable pushback from lawyers struggling to adapt. As an example, only one-third of legal tech implementations are successful and only 42% of surveyed lawyers say they will ever use the cloud.

Human professionals are also taking on new roles within the industry. Attorneys are partnering with outsourced specialists (both lawyers and "non-lawyers") to streamline their business processes. It is becoming mainstream and highly beneficial to have dedicated legal operations teams. Companies are also realizing the benefits of deconstructing legal matters and outsourcing various components to low-cost centers in the U.S. and abroad. Alternative Service Providers (ASP's) have created various types of multi-disciplinary businesses that allow them to eat up a significant market share of global legal services, backed by emerging technology, financial acumen, and an obligation to meet customer needs instead of meeting billable hour goals. For example, according to Law.com, if

Axiom were a firm instead of an ASP, their 2018 revenue would put them 97th on the 2018 AmLaw 100 list. While ASP revenues increase, the cost-savings to clients have been significant and are increasing.

On a micro scale, these changes have life-altering potential for individual consumers. Current sky-high attorney fees and the bespoke legal support model have forced the vast majority of low to middle income litigants and small businesses to navigate the civil legal justice system without an attorney. To fix this fundamental access problem, the rules will need to be changed by the very people who benefit from keeping them exactly as they are. For these reasons, progress is slow at this time. But we are inching towards a tipping point....

Tomorrow

Law firm engagements will come under increased scrutiny in the near future. A growing number of companies are insisting on value-based alternatives to the billable hour. Data already shows that these new in-house/outside counsel relationships can be favorable to both parties, if undertaken in a collaborative and proactive manner. A handful of firms are already implementing “lean” process improvements and engaging non-firms in entrepreneurial joint ventures.

Tomorrow’s legal tech advancements will continue to facilitate process improvements. A key component will be the harnessing of data analytics to improve performance and predict legal outcomes. The “Tech Terror” debate will rage on as AI inundates the industry and online solutions (both paid and free) become more accessible to the average person. Consumers, companies, and forward-thinking firms will be able use legal robots to their advantage. Despite all these positive developments, the bespoke model and the billable hour will still largely be in place in the world of Tomorrow. This will finally substantially change in the next five to ten years as we move into the Great...

Beyond

The legal industry’s self-imposed and overly-restrictive regulations are standing in the way of true Access to Justice. In order for legal services to be delivered in the most modern, cost-effective and beneficial manner, rules must be liberalized regarding the “authorized practice of law” in the US, or the equivalent term in other countries. Like England and Wales, other countries others should allow additional categories of service providers and legal business structures. Non-lawyers (both human and automated) should be able to handle much of the legal process and content work and competition from ASP’s should be applauded instead of prohibited.

In January of 2018, the CEO of UnitedLex was blunt about the limitations placed on traditional providers: they are handcuffed from accessing sufficient capital and unmotivated to champion long-term vision. “Unless you change the paradigm...and bring a solution that has long-term stability economically, intellectually [and] inspirationally, and have the capital to truly see that through, then you’re basically just pontificating or blowing a lot of smoke.”

American regulations will evolve in the next five to ten years. Think of Uber/Lyft, marijuana and Airbnb: their service models were not legal when they started. However, as enough people demanded change, the rules began to morph to meet those needs. The legal world will follow this same road led by two groups with money, power and the incentive to make it happen: venture capitalists/private equity and the Big 4 accounting firms. The Big 4 are already in 100+ countries and are targeting emerging markets as well, with acquisitions of existing law firms and ASP's.

As this global transformation gains traction, individual and business clients will have unprecedented access to affordable legal expertise and (to quote Mark Cohen), "The speed of service is aligned to the contemporary world." Online there will be standardized and customizable solutions to their problems. There will also be reliable crowd-sourcing and open-sourcing options to answer legal questions. The smartest humans will collaborate with machines to the benefit of all. When we finally bid farewell to the bespoke model; lawyers will no longer be burdened with non-legal tasks, and clients will no longer have the burden of paying them for it.

As a result, attorneys will be tasked with finding new jobs (with new employers) where their skills and expertise are uniquely suited to make a significant impact. Law schools will rise to the occasion as well with enlightened program offerings focused on technology, job preparation and improving access to justice opportunities.

Conclusion

Many of the standard practices of today will come to a screeching halt in the not-so-distant future. This is true for countries who are currently at all levels on the progress continuum. Paradigm shifts of the magnitude discussed here can be a daunting undertaking. However, as illustrated in this whitepaper, there is room for forward-thinkers to thrive and the ultimate results will alleviate some universal pain points. The consensus is clear among the legal industry's top thought leaders: On this rocky and rebellious road to a new industry, success will find those willing to foster strong interpersonal relationships and embrace innovation, transparency and client value Today, Tomorrow & Beyond.

Introduction

Five fresh developments, plucked from the headlines, offer a comprehensive glimpse into the modern legal ecosystem and the rapidly morphing models of providers, processes and the buying of legal services:

1. This summer Ernst & Young (EY) swallowed up UK's Riverview Law (a high-tech, legal managed services provider) in hopes of using Riverview's manpower and branded legal technology to further beef up the Big 4 Accounting Firm's legal credentials and global foothold. EY's Global Law Leader was quoted with this no-nonsense summary: "This acquisition underlines the position of EY as a leading disruptor of legal services; it will provide a springboard for current EY legal managed services offerings and bolster the capabilities we can help deliver to EY clients."
2. Oregon, California and Utah are now pondering the idea of following Washington's lead when it comes to allowing Limited License Legal Technicians (LT's) as a lower cost alternative to traditional lawyers. In Washington, these new solo practitioners are allowed to consult with and advise family law clients, complete and file necessary documents, help schedule court appearances and navigate the legal system. They cannot however represent clients in court. A survey found that the top motivation for those pursuing an LT license was the opportunity to bridge the justice gap by "expanding legal services to those who cannot afford a lawyer but can afford to pay something." The LT's are charging an average \$100 per hour compared to attorney's \$250-400 rate. While relegated to Family Law practice for now in WA, a Utah task force found three additional areas where an LT model would have a huge potential impact: Eviction, Divorce and Debt collections (where 98% of the state's 67,000 annual defendants try to defend themselves).
3. In Australia, free legal information is available via chatbot on Facebook Messenger. "Ailira," the Artificially Intelligent Legal Information Research Assistant uses natural language processing to help answer legal questions free charges. It can also generate complete legal documents like wills or business structuring forms, all at a reasonable price (e.g. \$150 for a will). There's another Ailira prototype in the works to help domestic violence victims understand their legal options.
4. Every year Walmart Inc. expects to make a boatload of money selling bananas as their stores nationwide. What came as more of a surprise to the company is their *yearly* banana sales couldn't cover even one month of their astronomical legal department spend. At a symposium this month (September 2018), Walmart's Senior Associate GC said it was this comparison that prompted them to develop an in-house legal

operations function. The goal was to investigate how to control spend and overhaul their standard operating procedures. The main results were as follows: a centralization of the in-house LD, greater uniformity across OC engagements, a deliberate use of data to analyze OC performance/spend and a creative use of technology to streamline processes.

5. The money-making power of legal tech was evidenced by the recent announcement that Kira Systems was able to raise \$50-million in its first round of venture capitalist funding. The Kira automated software can slash contract review time by 90% and is in use by the majority of the top 30 Am Law 100 firms and Deloitte. Kira revenue grows roughly 100% every year.



With developments like these, the legal industry is transforming before our eyes. Never in the history of our profession has there been such a flood of innovation, momentum, challenge and opportunity coming together at once. For industry watchers, there are a torrent of other headlines each day signaling the changes underway. But the headlines don't provide the whole story: Despite these

advancements, the U.S. and many other nations are behind much of the world when it comes to breaking the “unjustifiable monopoly” lawyers and law firms have on the legal industry.

The American legal industry is still hiding behind the “regulatory firewall” which unduly restricts the “unauthorized practice of law.” This murky term was imposed and rigorously defended by the very people who benefit from limiting who participates in the delivery of legal services. Unbundled tasks that could be accomplished by non-lawyers or technology still require an attorney; law firms can only be owned by lawyers and neither outside investment nor fee sharing with non-lawyers is allowed.

As legal writer Mark Cohen pronounced, “Law has operated as a guild for generations. It controlled membership, licensure, practice rules, regulation, delivery, supply, pricing and terms of engagement. Lawyers dictated how, by whom, within what timeframes and at what price their services were delivered.” However, with all customer-centric opportunities emerging, “the legal profession is becoming subsumed by the legal industry.”

Countries like the UK already welcome Alternative Business Structures (ABS) which allow non-lawyers to own, run and invest in firms. Several other countries are also evolving to welcome cross-industry partnerships and businesses that lower costs, increase efficiency, and allow inter-professional collaborations.

Leading the charge for progress are the Big 4 “accounting” firms. These megafirms have long expanded past their audit services and have built a new “matrix” model that embeds efficient legal services into their wide range of business offerings. For example, their holistic approach allows their lawyers to tackle all *legal* issues surrounding a client’s M&A, while other in-house professionals simultaneously handle all related business organization/strategy issues or concerns about finance, public relations, human resources, communication or technology. Adding to their power: their pre-existing brand strength/client base and continuous investment in developing their people, processes, agile pricing structures and financial acumen. Traditional law firms typically are not this comprehensive or progressive. According to the 2018 Altman Weil Law Firms in Transition Survey, 65% of large firms consider the Big 4 a threat and 11.5% are losing work to them already.

Harvard Law School estimates the global legal services market grew 72% between 2005 and 2014, reaching a total value of over \$616 billion. This money motivator is the reason why the Big 4 are already in more than 100 countries, where their modern, cost-efficient legal offerings have siphoned off work from traditional providers. They are already targeting other important markets such as Asia-Pacific, Africa, the Middle East, and Latin America.

This re-emergence by the Big 4 in the past decade was made possible when they smartly positioned themselves in countries with relaxed regulations about legal business ownership and practice. As they grow, they are also maneuvering themselves around regulatory loopholes in dozens of other countries around the globe. And they will not be alone; other smaller companies and alternative providers have adopted similar business models to service smaller clients.

The goal of this whitepaper is to explore, deplore and celebrate this dynamic time:

- *Explore* how law can now be practiced in ways that have never before been possible
- *Deplore* the regulations and traditions standing in the way of important innovations
- *Celebrate* the opportunities available for progressive entrepreneurs and what realization of those opportunities can mean for worldwide access to justice

In this paper, we have brought together the ideas, predictions and creations of many of legal’s top thinkers and innovators, along with the knowledge and experience of our own company leaders at UpLevel Ops. Let us be clear: all the trends we describe here are gaining an unstoppable global momentum. It is not a question of “if” all industry players will be impacted, but “when.” With this framework in place, please read on for a journey into the global legal industry Today, Tomorrow & Beyond.

Today

The Key Themes of “Today”

- Changing In-House/Outside Counsel Relationships
- Legal Technology Advances
- Alt. Workforce Options (including Legal Ops.)
- Severe limitations of traditional bespoke delivery model

At a September 2017 legal innovation conference, all eyes were on Allstate Insurance as they unveiled their new robot employee. The company’s in-house lawyers partnered with their own technology team to create a robot lawyer for internal company use. Her name is Lia, and her job is to answer routine legal questions for the Allstate business units. That’s right: their overburdened in-house attorneys will no longer spend valuable time answering low-risk, high-frequency questions about advertising disclaimer statements and the like.

Today, corporate legal departments in all industries are under extreme pressure to do more with less: less money and time available; more budget scrutiny and demands, and more work being done in-house. According to recent consulting company surveys: The vast majority (89%) of in-house counsel say they had an increased workload in 2017, up from 66% the previous year. However, their internal (human) staffing has essentially remained flat. Despite these challenges, not making their numbers is not an option, if they want to be respected in their organizations, and, in some instances, even to keep their jobs.

Law Departments are also dealing with fractured and frustrating outside counsel relationships. Globally, law firms are still reporting sizeable profits, but not an increased workload. This nagging disparity is clearly starting to irk their in-house counterparts: 60% of in-house departments wouldn’t recommend any of their firms. The ACC reports that one in three general counsel terminated outside lawyers for failing to meet expectations in 2017; 43% expect to do the same this year. And beware, firms: you likely won’t see it coming. The likelihood is slim to none that a client will have a performance discussion with you before your dismissal.

Outside Counsel fee structures are coming under fire, but without much relief. To quote Ralph Baxter, the former head of Orrick, “The billable hour is the culprit of everything”: clients are left on the hook to pay for their attorney’s input of time rather than their output of value. It rewards them for taking their sweet time as the old-fashioned clock ticks steadily on the wall behind them.

The billable hour concept only gained traction in the 1950’s, but lawyers have spent the last 60+ years firmly entrenching it as the mainstream way to pay for legal services. Only recently have opponents started digging it up, shaking off the dirt and exposing the billable hour’s deficiencies to light. However, many firms, and even in-house counsel, still prefer the dark. Even now they honor the tradition of measuring time in 6-minute increments; on average, firms are still raising their rates 3-5% per year. A Thomson Reuters Legal Tracker benchmarking report found that 65% of legal departments recently had their outside counsel rates increased. Only 4% said rates went down. Those trends are inconsistent with most other industries and are not sustainable.

Consider these other stats from the Altman Weil 2018 Law Firms in Transition Survey which unfortunately paints a picture of stagnation instead of practice evolution:

- 69% of firms surveyed said firm partners resist *most* change efforts (up from 44% in 2017)
- Nearly half of all firms failed to meet their billable hours target for 2017
- Only 38% of firms are actively engaged in experiments to test innovative ideas or methods; 19% are systematically re-engineering their processes
- Only 5.6% of law firm leaders believe their firms are fully prepared to keep pace with the challenges of the marketplace.
- Just 21% of firms are offering discounted rates for at least half of their fee revenue while 62% discounted rates for at least a fifth of their revenue.

Law firms are still making money, indeed the equity partners at most large firms are making a lot of money, more each year; however, the profits are driven only by annual rate increases, which are under increasing pressure and a declining number of equity partners. Many companies are no longer comfortable supporting the antique leverage model and will not pay full-price for the work of first or second-year associates. While speaking at a tech conference last fall, the GC of DHL publicly blasted what in-house leaders had been quietly grumbling about for years: “Sorry, law firms. *You* spend on the training. I cannot afford to pay your associates \$325 an hour.” This is a clear indictment on firms’ outlandish hourly rates.

The vast majority of outside counsel spend is still in billable hours, but we are seeing a slow rise of Alternative Fee Arrangements (AFA’s), coupled with a dramatic rise in the conversations regarding AFA’s. According to the Thomson Reuters Corporate Legal Department Operations (CLDO) Survey, 83% of companies report using alternative arrangements in some capacity (e.g., price caps or blended rates). However, for any AFA to actually make an impact for the client, it cannot just be a slight recalculation of the firm’s standard hourly rate multiplied by the estimated number of hours. If it is done that way, nothing much has changed.

There are other types of contracts and engagement models now in play which can offer more client value:

- Risk sharing between the legal department and outside counsel: if the matter doesn’t end well, it won’t just be the client who suffers
- RFP’s for specific legal work which go a long way to trigger competition
- Value-based, fixed fee pricing, including whittling down set prices for specific phases of a matter

Firms can gain a competitive edge if they voluntarily demonstrate their value rather than just haul in the fees or grudgingly agree to discuss AFAs: the CLDO report shows that 66% of legal departments allocated more work to firms that are proactive in showing their value. However, most firms are committed to not only their high rates, but also their bespoke model of delivering legal services. They insist their clients need highly customized, personalized expertise that only an attorney can deliver from start to finish. As the saying goes, “The traditional Big Law Model

is to sell clients a Cadillac even when they only want or need a Ford.” We simply do not agree with that model, nor does an increasing number of thought leaders in this industry.

As you may have noticed in your own offices, lawyers are often resistant to change. This is true for in-house counsel as well as outside counsel. Dr. Larry Richards of the Lawyer Brain website has found that attorneys are more skeptical than 90% of the public and can be gripped “Analysis Paralysis”, a clever way of saying they overthink problems and can get defensive in the face of criticism or feedback. This mentality is reflected in a brutal truth: although the industry has the potential to move forward at hyper speed, it is in fact limping along at a snail’s pace. Many significant changes that should be happening Today will have to wait until Tomorrow or even Beyond.

On the bright side, there are three main factors that are finally pushing lawyers out of their comfort zones:

1. Businesses of all sizes in all industries are facing increased competitive pressures to reduce costs
2. Alternative labor models are increasingly available
3. Innovation in legal technology has reached a tipping point

TODAY’S TECHNOLOGY

Right now, there are some agonizing technology growing pains. Ask in-house counsel what skills their lawyers need most: leadership and technology are tied for first. Even for many old-school lawyers, it is easy to understand why leadership tops the list. But the tech piece may be a tough sell. To quote a recent Dan Linna (Northwestern Law School) article, many attorneys “are treating computers like elaborate typewriters and are managing cases through email only.” In fact, the 2016 *ABA Legal Technology Survey* found that only 38% of lawyers use the cloud or SAAS options. Even more disturbing is that 42% state they will never use the cloud. Of course, most of the attorneys in that 42% are already using the cloud and just do not know it yet. Look at these staggering stats as well:

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- **70% OF IN-HOUSE LEGAL DEPARTMENTS ARE NOT HAPPY WITH THEIR CURRENT TECH TOOLS**
 - **THEIR #1 OPERATIONAL CHALLENGE IS IMPLEMENTING NEW TECH PRODUCTS**
 - **ONLY 1/3 OF TECHNOLOGY IMPLEMENTATIONS ARE SUCCESSFUL**
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Even when companies have people eager to embrace and implement flashy new tools, they often mistakenly assume it will solve all their problems. As noted in a recent *Law360* piece, companies cannot “think of tech as a panacea; implementing it over a broken process can be a costly mistake.” Sadly, many departments let “the technology tail wag the strategy dog,” instead of fixing the processes and building a tech infrastructure around that. Almost one-third of companies rate their chosen technology as ineffective or very ineffective, according to the Blickstein Group’s Ninth Annual Law Department Operations Survey. Blickstein recommends having a three-year technology roadmap and strategy for acquiring the right tools and ensuring their effectiveness (this is something only 18% of those surveyed have in place). They must also be prepared to re-evaluate everything every three years.

Despite the implementation and maintenance challenges, we have reached a point where technology can do some amazing things to improve the legal industry, and most corporate legal department are hopeful they can successfully forge on ahead: despite their restrictive budgets, most plan to keep increasing their legal tech spend. As author Sterling Miller points out, it can clearly help solve two of their main problems “lack of budget and lack of manpower” and free them up for two often short-changed activities...thinking and advising.

A.I. IS HERE!

Imagine having a paralegal in your office who works all day every day and knows every single word in every contract your lawyers have ever signed. That is the comparison a group of Harvard Law students are drawing to their new contract management program. “Evisort” is unique in that it houses an elaborate search function that allows for instant cross-referencing of a company’s entire contract database and presents the custom comparisons in chart form within seconds. One of the founders describes its capabilities as a complete paradigm shift, from tedious manual work to instant automation: “Where a paralegal can go through hundreds of contracts and tag five

Awesome Automation

- Doc creation
- Workflows
- eDiscovery
- Litigation doc review/Legal hold
- Contracts
- eBilling/OC billing guideline review
- Candidate screening/interviews

key provisions in each one, if a sixth provision is needed, the work would have to start all over.” Those days are potentially over.

Evisort and many new tech developments are hinging on the buzz phrase of the past few years: Artificial Intelligence. For our purposes in this whitepaper, there is no point in haggling over the definition of AI. Let us consider it to be anything that a machine can do that used to be only possible by the human brain. The use of AI in law has been a long time coming. Consider this quote from the *Stanford Law Review*: “...computer science is making progress with natural language communication, and its

long-term relevance to legal problem-solving is clear.” This was written in 1970, almost 50 years ago.

Many AI products started out as pre-programmed decision trees with structured input and subsequent data production, but they are now much more amazing. The AI of today allows for analysis and interpretation of enormous quantities of information. At a recent tech conference, IBM reps offered these mind-boggling statistics: In the past few years, more information has been created than had previously been in existence for all of time. Ten years from now, the amount of data in existence will double every 12 hours. To quote one tech entrepreneur, these AI tools allow companies to harness the power of their qualitative and quantitative data to make better decisions.

We already use AI in many day to day activities without giving it much thought: SPAM filters, Netflix suggested movies, Facebook post organization, Amazon Prime, Spotify, Siri. The list goes on and on. In fact, Google has even said they are first and foremost an AI company.

By using AI in law, the technology is moving from sustaining our normal methods of operation into fundamentally changing them. Machines are no longer just limited to tracking what’s happening; they rapidly sort data, find new

insights or patterns, and mirror human expertise and achievements. They are even programmed to get better the more they are used and learn our preferences. Many AI creations harness the power of IBM's Watson to accomplish legal tasks, foremost through automation in a variety of helpful areas.

For example, in Document automation: The Computer Assisted Legal Instruction Corporation in partnership with the University of Chicago-Kent is utilizing a tool called the "Access to Justice Author" (a2j Author). This is a turbo-tax like wizard that helps walk self-represented litigants through a series of interviews and then generates and assembles completed court documents based on that dialogue. They have assembled over two-million documents since 2005.

Brief Analysis: In January of 2018, the makers of the ROSS (more on "him" later) unveiled an extremely simple brief analyzer named EVA. They've released it to all attorneys free of charge. Just drag and drop a brief on the EVA site, and within seconds the program will determine if the cited cases are still good law, allow users to view the cited cases (via hyperlinks it adds to the brief) and find additional cases which use similar language. There are other brief analyzers on the market, but none this comprehensive and affordable. The potential is overwhelming and prompted author Robert Ambrogi to comment, "I cannot ever imagine filing a brief or reviewing an opponent's brief without first running it through EVA."

Workflow technology: Workflow systems can automate matter processes, checklists, and deadlines. It's now also possible to trigger alerts when financial, risk and compliance thresholds are met. However, the 2017 Exterro survey found that many firms are not ready to use sophisticated tech tools to manage their legal projects; the majority still insist on using manual tools like email and spreadsheets.

Discovery Requests/Answers: Walmart recently announced their expanded use of LegalMation software; by doing so, they reduce attorney time spent on answers to initial discovery by 60-80%. Walmart said the technology is automated to create first drafts of answers to litigation and to draft the initial round of discovery requests, each in about two minutes. They estimate it could shave off ten hours of attorney time on each lawsuit.

E-discovery & Litigation Doc Review: In the beginning of this field, e-Discovery was solely capable of tracking down items by key words. Now the automation tools can also analyze documents and group them together. It can eliminate duplicates and connect email threads. By utilizing computer-generated predictive coding, machines are also removing the need for manual scrutiny of litigation documents. Two-thirds of the AmLaw 200 use data analytics such as predictive coding, yet only 10% of smaller firms do.

Legal hold: a 2017 survey by Zapproved found that 57% of companies surveyed are using automation software for legal holds. In the history of the survey, this is the first time a majority is doing so.

Wrongdoing detection: author Sterling Miller writes “AI is being used to sniff out bribery, fraud, compliance issues, even potential litigation – all based on the content of the company’s own documents and data. AI can summarize conversations and the ideas discussed, sniff out the use of code words, note the frequency of the communications, and even identify the mood of the speakers.” This has the potential to pre-empt issues, a maneuver that could potentially save companies very substantial amounts of time and money arising from legal and regulatory compliance breaches.

Contract creation and management: Many airline customers are taking a gamble on “Fizzy”. This is a new legally-sound, smart contract flight insurance system from AXA. Travelers can self-execute the paperwork online, and if they miss their flight or it is delayed more than two hours, they are reimbursed instantly via credit card. Every Fizzy contract is placed on the blockchain and responds to official airline information and air traffic databases. The system is already available on 5% of worldwide routes.

Also consider a hyped triumph in the contract management realm: JP Morgan’s Contract Intelligence software was able to interpret a huge volume of commercial loan agreements in mere seconds. The same work took lawyers over 360,000 hours.

Automation can also handle eBilling and review OC billing guidelines, as well as tackle a variety of non-legal jobs in the legal industry, like IT and cyber security. For hiring, you can now automate job candidate screenings and interviews. Take for example the Robot Vera who works for Ikea and other companies: She is able to sift through candidate pools based on a provided job description, call qualified candidates, and conduct the initial 8-minute interview (1,500 of them per day). Vera is also able to answer candidate questions with roughly 85% accuracy. Automating these tasks save innumerable hours of human labor.

Despite their potential, very few of these automated tools are being used broadly, and at this point there is far more legal AI discussion than implementation. The 2018 HBR Law Department AI Survey Report found that only 6% of companies had implemented an AI application; for 31%, AI was not even on their radar (the rest were still exploring various options or at least acknowledged they needed to start exploring). Although we are still in the early stages of usage in the legal field, Artificial Intelligence is rightly said to be the “mother of all compelling innovations,” on par with the invention of electricity in terms of changing the way we live. The rapid-fire advances will soon leave behind the companies who cannot adapt to new ways of practicing law. In fact, the old saying “Today’s competitive advantage is tomorrow’s price of admission” has never been more accurate. Research cited in *Law Practice Today* found that 24% of firms are currently losing work to client technology solutions and another 42% see this as a potential threat to their firms’ business.

Every day, more computers are tackling the work traditionally done by junior lawyers or paralegals. As AI expert Mark Greene states: “AI is allowing firms to leverage without associates and bill without hours.” Although daunting, changes of this nature should be seen as empowering for attorneys, not disheartening. *Harvard Business Review*

put it nicely: “Embedding automation into service offerings will ultimately leave employees with more meaningful jobs and companies with more profitable business models.” Plus it has the potential to lower prices for customers. Alternative Labor Models are doing this today as well.

ALTERNATIVE LABOR MODELS

Alternative “Re-Sourcing” Options

- Legal Managed Services
- Low-Cost Centers (US or Abroad)
- Move Work In-House
- Utilize “Non-Lawyer” Professionals

Contemplate this quote from Mitchell Kowalski’s book titled, *The Great Legal Reformation (GLR)*: In the near future, “For many legal services providers, lawyers will be to the legal service industry what pilots are to the airline industry – an important piece of the puzzle, but not the entire puzzle.” This concept is at the heart of the turbulence in the industry and partially why the traditional law firm leverage model is under siege: there are now many alternative ways to procure adequate legal services.

One key option for corporate clients is using Alternative Services Providers (“ASP’s”). The term “ASP” term is constantly in flux. However, it essentially involves engaging third-parties to “re-deploy resources” to improve efficiency, value and often quality in support of your legal needs. Thomson Reuters defines ASPs as any “alternative to the traditional idea of hiring an attorney at a law firm to assist in every aspect of a legal matter.”

At the crux of this concept is the breaking apart of each component within a project with the goal of finding the best technology, location, lay person or lawyer to complete that specific task “better, faster, cheaper.” The most recent Altman Weil survey found that 73% of legal departments who used some form of an alternative vendor found it resulted in a significant efficiency improvement. They also report that “outsourcing to non-law-firm vendors again took top spot as most effective tactic for those that use it to control costs.”

According to Thomson Reuters, 60% of legal departments are already using ASPs for at least one type of service, as are many progressive law firms. The number one ASP use is to off-load low-risk, standardized high-volume process work (e.g., doc review and coding) followed by regulatory risk & compliance and simple contracts, such as NDA’s. ASPs can today also tackle e-discovery, research, IP management, M&A due diligence, contract management, managing corporate transactions, project management and legal drafting.

There are many ASP “re-sourcing” options available worldwide, including borrowing or working with lawyers from legal managed service companies. These are non-traditional businesses like Counsel on Call, Axiom, Integreon, Pangea3, Elevate, Riverview, and UnitedLex. Their core competencies are a lot different than traditional firms and legal departments. They can be used to provide specialty or temporary lawyers for specific projects or on an ongoing basis. In some cases, these contracted services are teams of “nomadic lawyers” who plug into a company’s infrastructure and get the work done (often remotely) and unplug. On the other hand, some of these big-name services (like Axiom, United Lex, and Riverview) pride themselves on maintaining long-term partnerships with

companies, along with marketing their own technology, processes improvements and business consulting services. In other words: whatever your company needs, they can do (faster than you can). And this is not a passing fad. As noted by a Lawyers on Demand exec quoted in *GLR*, soon this concept will be normalized, and they “won’t be seen as alternative legal providers – we’ll just be part of the landscape.”

Already, the top name ASPs are moving their way up the value chain. UnitedLex has recently brokered two major deals designing the “Law Department of the Future.” Most notably, they have worked to restructure the legal department of DXC, an IT services company. The partnership is expected to save DXC one billion dollars over the next several years, even as they shrink their LD in-house resources by 40%. Here’s how it works: DXC streamlined their LD from 525 to 125 attorneys, with 200+ of those attorneys transferring to UnitedLex to do DXC work. Those lawyers will have access to UnitedLex’s digital contracting platform (and other tech) which allows them to efficiently execute 65,000 contracts annually. United Lex will also help with legal operations consulting, metrics, reporting, and OC spend management. As stated in a Corporate Counsel article, “their partnership with a managed services company is getting [DXC] to innovation more quickly and effectively than they could have on their own.” GE is embarking on a similar partnership with UnitedLex; by doing so, GE is expecting to save 30% on legal spend and upwards of \$40-million per year.

Another alternative for in-house departments is to shift the work to low-cost centers either in cheaper regions of the US or abroad. Many companies choose to first relocate their administrative offices like HR, marketing, billing, etc. The second phase is to transfer legal process or automation tasks, followed by actual legal work.

To give an example on how much money low-cost centers can save: large-market attorneys at the top U.S. firms are receiving \$180,000 or more right out of the gates. Choose an attorney in a smaller city like Duluth, Minnesota: same work, basically same quality attorney for \$100,000 or less. Plus, all your administrative salaries drop drastically as well. According to Indeed.com, the average legal secretary wage in Duluth, Minnesota is \$15.83/hour. That’s about \$32,000 a year. In San Francisco, California, that salary is about \$80,000. All these savings are even greater if you move off-shore (e.g., Baker & McKenzie ‘s global service center in India). In the words of author Mark Cohen, finding success with creative staffing options is evidence that “what matters is expertise and results, not pedigree and bluster.”

Keeping the work in-house or “in-sourcing” is another “alternative” sourcing option gaining steam. According to Law.com, “Since the late 1990’s, in-house departments have grown at seven and a half times the rate of law firms. In the United States, there are now more in-house lawyers than lawyers in the domestic offices of the Am Law 200.”

70% of firms surveyed by Altman Weil this year say they have lost work when clients opt to keep work in house; Similarly, the CLDO report found that 85% of surveyed legal departments plan to bring more work in-house in 2018, a decision which could save them a lot of cash. In a recent interview, a former in-house leader for Google

revealed how she overhauled the discovery department: she first boosted her team from three people to 90 over the course of eight years and supplied them with the best technology to supplement their job. In the end, quality improved and discovery costs plummeted by 80%. This is no surprise because there is a definite imbalance between private practice and in-house salaries: For example, Thomson Reuters' 2018 State of the Corporate LD report found that the typical U.S. law firm senior partner is paid nearly double the typical chief legal officer/general counsel.

The 2017 CLOC State of the Industry survey found that a whopping 62 cents out of every dollar of LD spend is external. If work is smartly distributed among all your in-house resources (from the top down) instead of inefficient traditional firms, the savings can be remarkable, especially if people are kept fully occupied. The CLOC survey found that the average spend per each legal department employee (lawyers included) is \$110/hour. If the same work is given to a large firm, the very least you can expect is four times that amount. To quote the *GLR*: "What kind of supply chain makes it cheaper for the customer to do the work itself. The legal supply chain is a mess!"

This \$110 average is only a good reflection of reality for law departments who have embraced their use of "Non-Lawyer" Professionals. When it comes to re-sourcing many components of a complex matter, the best lawyer to use is often... none at all. As noted in a recent *Michigan Bar Journal* article, you do not need a surgeon to draw your blood at a clinic; you just need someone with training. Similarly, you do not need a senior partner making \$800/hour or more taking on the smallest tasks for your legal portfolio.

An increasing number of companies will no longer tolerate paying these fees when a project's sub-tasks can be outsourced, accomplished by AI or "non-lawyer" trained specialists. These alternative partners can be technologists, process consultants or legal operations professionals.

LEGAL OPS OPPORTUNITY

Legal Operations is "a multi-disciplinary function that uses data-driven approaches to manage law departments as efficient businesses." Legal Ops teams are comprised of empowered professionals who tackle strategy, communication, litigation support, and outside counsel/vendor management. They also work to bridge the gap between the legal department and other units including HR, IT, Finance and Marketing. UpLevel Ops co-founder Stephanie Corey also co-founded the Corporate Legal Operations Consortium (CLOC). This is the top organization for legal ops professionals to establish/share best practices and drive positive change across the continuously expanding legal ecosystem.

One of the best parts about CLOC is the online collaboration forum. Every single day CLOC's more than 1,300 members from some top-notch companies are posting their questions and learning from their ops colleagues. They share templates, benchmarking stats, vendor reviews, and management strategies. The organization is also spearheading efforts to loosen the stringent U.S. regulations on the "unauthorized practice of law".

The success of CLOC is a reflection of the rapid rise of the legal ops field. The CLDO report found that 70% of departments ranked a focus on legal operations as a key priority. According to the *Legal Tracker Law Department Operations Benchmarking Report*:

- 90% of legal departments with spend greater than \$50 million have dedicated legal ops teams
- Those that use ops staff generally rate themselves as higher performing in terms of sophisticated management of legal spending
- The more employees dedicated to legal operations, the more likely the organization ranks their management of legal spending as “optimized” or “predictive”

In fact, in the last few years, Cisco has asserted that by using legal operations, they have so far saved the company more than \$400-million dollars.

ACCESS TO JUSTICE

All these advances in technology and re-sourcing options boil down to this: the industry is nudging the classic leverage and bespoke model toward the edge of a cliff. The ultimate hope will be to push it off with one hand while dragging Access to Justice up with the other. Right now, however, the traditional legal support models have not dramatically changed in several decades and customers are paying the price.



Access to Justice is highly restricted. Globally, regulations and legal risks are mounting as are enforcement and consequences for not following them. If you want help dealing with those risks, the costs are sky high. Sadly, the World Justice Project found that out of 113 countries, the US ranked 94th in overall accessibility and affordability of civil justice; we tied with Egypt, Tanzania and Kenya.

It has become too expensive for most small to mid-size American companies to get help from a lawyer. A recent insurance study found that 60% of small to medium businesses with legal issues go it alone. Experts estimate that more than half of the middle class (those who fall through the “Justice Gap”) and 80% of the impoverished lack access to legal services. Four out of five low-income litigants are priced out of the market and face their civil problems pro se. For the very low-income earners, there have been significant cuts to legal aid, making it nearly impossible to get one-on-one help from a credentialed lawyer except in a criminal case. In civil aid cases, there is one free lawyer for every 10,000 people who need one.

Legal Tech innovator Andrew Arruda calls this “Legal Russian Roulette”: In Social Security and Disability hearings, a person is 50% more likely to win if they have a lawyer. Arruda also notes that in America (a country founded on the concept of “justice for all”) justice should not depend on your socio-economic status. Currently it does.

Here is the crux of the Access to Justice problem: Those who have the most capability to make changes toward a better legal service model are the least likely to want to do so. This includes policy makers, judges, regulators, law school deans and professors, and senior partners in law firms. We cannot reasonably expect people who have built long-term successful careers using a business model to lead the change to a new one.

The current situation of Today is not sustainable and needs fundamental changes. We believe the outlook for Tomorrow is brighter. Specifically, we will see even greater advancements in technology, and much more universal adoption, as well as a paradigm shift for law firms.

Tomorrow

Recommended Reading: We want to acknowledge that a lot of this paper draws from one of the outstanding legal futurists, Richard Susskind. He has written an insightful and highly readable book called *Tomorrow's Lawyers*. Changes are happening so quickly in our field that in order to keep his book current, he has had to write a second edition in the course of four years. It is a great read for anyone hoping to dig deeper into these topics. We also recommend Mitchell Kowalski's *The Great Legal Reformation* and AI expert Mark Greene's informative website www.marketintelligencellc.com.

The pressures of Today are going to continue to surge towards a tipping point in the very near future. Almost immediately, the current innovations and workforce changes we are seeing in the vanguard Today will become commonplace Tomorrow.

On the Rise Tomorrow:

- In-House
- Legal Ops
- ASPs
- A.I.
- Tech Tools
- Proactive Firm Engagements

There will be more increased in-house usage and legal ops professionals taking on an expanded role. There will also be more work outsourced to non-lawyers in alternative labor models. These are smart people in newly created jobs who are willing to work for far less than certified attorneys.

As mentioned earlier, the state of Washington is allowing "Limited License Legal Technicians" (LLLT's or LT's) to practice law on a limited basis, specifically in family law. They are being touted as the Nurse Practitioners of the legal world.

The license requires about a year of college classes in civil procedure, legal research, contracts and advanced family law, followed by a 3,000-hour attorney apprenticeship and licensing exam. These practitioners are then allowed to advise clients, prepare court documents and perform legal research, although they cannot represent them in court. The scope of LT authority has been contentious on both sides: some attorneys worry LT's will take work from small and solo practitioners, and others feel the requirements are not enough for the LT's to responsibly handle clients without lawyer supervision. Author Mary Juetten takes the opposite stance: not only does she feel LT's should be allowed to represent clients in court, she also feels the 3,000 hours of training is arbitrary and limiting who can pursue a license: at an unrealistic 40 per week, 3,000 hours would equal a year and half of training, all of

which is not eligible for Federal Student Aid. Her argument: “We lawyers must get over ourselves. There are more clients with legal needs than attorneys with affordable services and many more people who do not know that they need legal help. There is a huge potential market but only if we provide alternatives to the current offerings and the LT model is worth examining to replicate in other states without years of study.” Lengthy studies are underway in a handful of states, while other have created their own less-independent versions of LT’s like New York’s Court Navigators, Arizona’s Certified Legal Document Preparers, and California’s Legal Document Assistants.

Another idea for “the tiered delivery of legal services” by non-lawyers: utilize the skills of those pursuing a JD. Through the University of Colorado’s “Tech Lawyer Accelerator” program, their not-quite-law school graduates are offered short-term placements within tech companies. These “mini-lawyers” are tasked with a variety of projects including analyzing and streamlining the company’s contract processes, developing process playbooks, performing junior associate tasks like legal research, trademark applications, M&A due diligence, and giving presentations on legal tech to executives. In other words, they add value and know-how to the company. Once these paid internships are done, the companies often keep the law students on, but on a separate track from their traditional attorneys.

Use of Alternative Service Provider (ASP’s) companies is expected to spike again this year and in the years to come: In 2025, industry consultant Bruce MacEwen expects the combined ASP market revenue to rise to an astonishing \$55 billion, up from roughly 8.4 billion now. However, even this big jump would make only a small dent in the disparity between annual income: Thomson Reuters research found that U.S. law firms brought in \$875 billion in 2016.

These alternative workforce options are the first steps toward the future of law. Let’s take a closer look at two more factors: firm engagement models and technology tools.

PROACTIVE FIRM INTERACTIONS

In 2017 and 2018, 200+ General Counsels from global companies are engaged in AdvanceLaw’s “GC Thought Leaders Experiment.” These top-tier executives are on a mission to find out what type of company/firm partnerships yield the best results for everyone involved. Over the course of 18 months, they are testing and collecting real-time data on billing/fees, firm consolidation, length of relationship, innovation and efficiency. Most notably, they have mentioned that a “key ambition” of the project is to “reward law firms that understand and embrace powerful client service.” The preliminary results of the experiment are clear:

- Location is a good indication of fees/rates, but not of quality
- The providers who score higher on quality and responsiveness are those that are most cost-efficient
- Flat fees work wonders, as does sparking competition between firms

In other words, companies are finding happiness with firms who have chosen to start pricing differently *and* (more importantly) working differently as well.

Most people, including us at UpLevel, believe that real change will occur only when companies require it. Corporate legal departments will use their purchasing power to demand:

- Law firm convergence programs
- RFP's among panel members for specific matters
- Additional AFA's, including success fees
- Subscription services which offer more certainty to annual legal expenditures
- Preferred panels in substantive areas
- Diversity programs with teeth
- Value-based pricing

More companies will be following the lead of Uber, Google, Snap, GlaxoSmithKline (GSK) and Microsoft who are all shunning the billable hour. Microsoft has pledged to have 90% of its outside counsel work on a fixed fee basis in 2018. By ditching the billable hour, they are striving for a new type of relationship with their preferred providers, many of whom will be on a retainer basis. The firms will compete for the work and make sure their goals are aligned with the company's.

The objective is to have their outside counsel "firmly" embedded in their company culture. Gone will be the subconscious "cha-ching" ringing in their ears when an in-house lawyer picks up the phone to call an outside colleague (and vice versa). Communication will become a two-way street. The chosen firms will be entrenched enough to offer consistent output across practice areas and will be encouraged to keep the company up to date on relevant regulation changes.

GlaxoSmithKline (GSK) is already entirely flat fee based and not using any half-hearted hourly-based AFA's, caps or shadow invoices. As outlined in a recent *American Lawyer* piece, the company's rules are clear: all matters are handled on a fixed fee basis and all matters with anticipated legal costs over \$250,000 must be decided by reverse auction without exception. We at UpLevel are not fans of reverse auctions because we do not believe they foster the true partnership mentality that is critical for the long-term success of the firm and the clients, but we recognize that they are gaining momentum with the most cost-conscious clients.

The GSK auction proposals are scored and weighted: 30% of the score is the proposed price, 60% is based on their "substantives" (firm experience, lawyer quality, geographic coverage) and 10% of the score is the diversity of the firm's legal team. The lowest price option is chosen about half the time. The aim is not just to save a few dollars; they want to find excellent legal representation by a firm willing to embrace efficiency and the challenge to adapt. With these reverse auctions, GSK says the key is transparency and fairness to both the company and the firm; it does not make sense to have one side unhappy.

Keep this in mind: the more proactive the firm is in embracing non-hourly based AFA's, the more successful these arrangements are. A 2016 Altman Weil survey found that initiating AFA's led to a competitive advantage: if the firm initiated the arrangement, 84% said their non-hourly based matters were at least as profitable as their hourly-based work (40% said they were *more* profitable). For reactive firms, those numbers plummeted, with only 51%

saying the arrangements were at least as profitable and 10% saying they were even more profitable. The problem, however, is the vast majority of firms (72%) classify themselves as reactive not proactive.

In Tomorrow's world, not all law departments will be willing to jump to extreme measures to crack down on firm engagements, but there are some baby steps occurring Today which will become customary Tomorrow. For example, in-house departments will enforce rigorous outside counsel billing guidelines and automated legal bill review. Remarkably, even today a large chunk of Fortune 500 companies have reportedly not adopted eBilling systems and it could be costing them a bundle. Liam Brown of Elevate has cited a study showing that law firms typically overcharge clients by 8%; one global bank was able to slice away an unauthorized \$20 million dollars in legal fees by implementing bill review.

Law departments will also initiate:

- More risk-sharing
- Back and forth law firm/in-house evaluations: the feedback must go both ways to be most effective
- More E-auctions/legal marketplaces: a range of companies bid online to provide your legal services

A *Bloomberg Law* article laid it out clearly: with all these value pricing options, legal costs “would rest on what customers are willing to pay. Firms would manage their costs to achieve their customers’ goals – and maintain their own profits. Or, to put it succinctly... the legal market would come to resemble the rest of the world.”

FIRMS OF THE FUTURE

In most traditional law firms, their profit is their purpose. However, a modern firm model in Salt Lake City is turning that notion on its head: Open Legal Services is a not-for-profit firm offering services on a sliding fee scale of roughly \$60 to \$150/hour. Since they are a non-profit, the firm is tax exempt and can accept donations as well as client referrals from judges, courts and the Bar Association. Their own attorneys are eligible for Public Service Loan Forgiveness and pay less in taxes too. To be clear, these attorneys are not making a bundle; in a 2018 article they are quoted as saying they couldn't even afford to hire a full-priced lawyer if they had to. But, they are satisfied with a moderate income and realization of their three stated goals: provide “low-bono affordable” help, offer employment and mentorship to new attorneys, and provide educational resources to the public. This is a stark contrast to the following quote *The Great Legal Reformation*, “Traditionally law firms seek to maximize income in each year (and then distribute nearly all of it to their own pockets), which incents short-term behavior at the expense of long-term benefit.”

Altman Weil found that 50% of firms “do not believe they project a distinct compelling value that differentiates them from their competitors.” Others are striving to set themselves apart (at least in marketing). Beyond innovative fee arrangements, these firms are going the extra step to be industry leaders in streamlining operations and adapting to the ways of tomorrow. Their lawyers have become entrepreneurs within their own firms.

Clifford Chance, among others, has embraced the “Legal Lean Sigma” approach which hones in on process improvement. As they explain, it involves “identifying the right components for each matter, and then doing each of those right things...right.” Many firms and companies are undertaking “Legal Lean Sigma” certification courses together to improve their collaboration efforts and keep both sides happy. The overarching goal is to eliminate waste and develop best practices, standards, and process maps which include every provider in the legal process. The overarching principle is to improve quality and service to the customer.

Seyfarth is positioning itself as an expert in automation and process improvements with their Lean Consulting practice. For Nike, the firm created the Transactions Solutions Center, a web-portal which manages workflow, resourcing, and unbundling of services. They take each legal request from Nike’s in-house team, assess its risk and assign it to low-cost providers around the world. Nike’s contract cycle time went from 15 days to 3 days and reduced the cost per contract by 80%. The whole process and portfolio is tracked on the portal and the data can be analyzed as well for continued improvement.

According to former Seyfarth Chief Strategy Officer Josh Kubicki, law firms are surprisingly suitable places for innovation: even though they cannot accept outside capital investments, many firms still have money to burn. However, he says innovation should not be about just disrupting the status quo. Rather, these two ideas should take center stage: 1) respect the reliability that has made your firm successful to begin with, and 2) simultaneously help your firm grow in new ways that those behind the status quo can appreciate. For any attempt at legal innovation, it is imperative to collaborate across “silos” within the business and always be asking: “What problem are you trying to solve for your customer?”

Well-known law firm Husch Blackwell recently made headlines by naming a new Chief Executive who is an experienced business person instead of a lawyer. The firm touted the appointment as an edgy response to industry disruption and inefficiency. Interestingly, many people criticized the move on various grounds. These concerns included fears of loss of privilege, violating the “authorized practice of law” regulations, and simple arrogant notions that only attorneys know how to manage attorneys or run law firms. Our view, however, is that the ship has sailed and we will see numerous other firms draw more upon *business* experts to successfully lead their businesses.

In Washington, D.C., firms are able to take it one step further by having “non-lawyer partners” who can share in the profits. The traditional worry has been that lawyers would be unduly influenced by firm owners who have not had legal ethics training. However, this set up in D.C. allows small hybrid firms to meet demand for special services; they are allowed to call on the expertise of other professions embedded in (and profiting from) the firm, just like they can do in many countries. For example, architects can be partners in a land use firm, as can social workers in family law, doctors in personal injury, and scientists at IP practices.

Some firms are now also partnering with non-law firms to explore new labor models and develop new methods and products:

PARTNERSHIP	TACKLING WHAT ISSUE?	DETAILS
Ashurst/Axiom	Banking Derivative Regulations	Axiom extracts data from old documents, creates new docs reflecting changes. Ashurst advises clients on writing new rules, implementing newly created agreements.
Allen Overy/Deloitte	Derivatives Compliance	Developed/Launched the Margin Matrix solution
Cleary Gottlieb/Elevate	FDIC rules	Developing efficient solutions for their banking clients to meet regulations.
Gowlings/Elevate	Project Management	Combined Elevate's software with Gowlings LPM process approach to launch the "Practical Legal Project Management" tool. Allows clients to focus on matter management, keeping projects on time and on budget, and improves communication between lawyer and client.

As it is becoming clear that speed is the key factor in success, these companies and law firms are on the front lines of embracing and capitalizing on Susskind's "efficiency strategy." This includes the habitual unbundling of services by law firms and decomposing the legal process to get the most efficient and expert service from all kinds of providers. To make the efficiency strategy a reality in Tomorrow's world, we will also see increased reliance on legal technology tools.

TOMORROW'S TECHNOLOGY

There are statistics galore about the interest and monetary potential of emerging legal technology:

- Author Sue Reisinger counted there were no fewer than eight legal tech conferences scheduled for the fall of 2018
- Author Mitchell Kowalski scoured the AngelList website last summer and found over 1,500 legal tech startups with an average valuation at \$4.2 million.
- AI Expert Mark Greene posted this startling stat on his blog in August of last year: In 2016, there were 579 patents relating to new legal services technology, up from just 99 such patents in 2012. He correctly states that "the figures reflect the rise of alternative legal services, such as virtual law firms, and the rapid expansion of the online legal industry."

Over 30 states have declared it is a lawyer's ethical duty to be competent in technology. Later this year, we expect the North Carolina Supreme Court to decide if technology training should be a required portion of continuing legal ed (CLE). The N.C. Bar is recommending this change, which would position them as only the second state (behind Florida) to make it mandatory. Others will follow suit, so expect to see an uptick in interactive, technology-focused CLE courses, likely with an emphasis on the benefits of metrics and data analytics.

Using technology, all companies now have the ability to predict the future if they are willing to embrace data analytics. This is the collecting of legal metrics to analyze performance and outcomes. A recent Corporate Counsel article made a good point: "Data is just data until you cull something from it and use it." Descriptive analytics can

sift through large volumes of historical information and make it meaningful. Law Departments can use this information to analyze their own performance and their firms', as well as benchmark against their peers. This allows them to powerfully progress from "reactive to proactive to predictive" and adopt what's called a "legal-by-design" strategy.

The key to properly using metrics is to take it step by step: Identify, Quantify, Monitor and Fix. *Identify* your

KEY METRICS TO COLLECT	
Spent to budget (per matter & firm)	Staff workload metrics
Spend by matter time & business unit	OC performance evaluations
Cycle time for each category of matters	AFA adherence
Individual performance & productivity	OC rebates
Year over year trends	Timekeeper rates

company's problems, *quantify* them into measurable data, *monitor*/analyze the results regularly and then *fix* the problems as needed.

Data analytics and metrics are being integrated seamlessly into e-billing and matter management platforms so users can access customized and dynamic reports, dashboards and scorecards.

They can also track more subjective data like lessons learned from each matter. Programs like Thomson Reuters' Legal Tracker also

compile all the relevant metrics from all LT users allowing companies to benchmark and make real-time comparisons to similar (anonymized) companies.

Dan Katz of the Chicago Kent Law School is a leading scholar on harnessing the power of predictive analytics. He is the co-founder of LexPredict and one of the driving forces behind their LexSemble contract/document analysis software. These products typically combine three intelligence streams to make predictions (experts, crowds, and algorithms), taking into consideration crowd segmentation, expert weighting, and natural language processing.

Consider one of LexPredict's touted accomplishments: their program predicted the outcomes of each U.S. Supreme Court case and each judge's decision from 1953 to 2013. Obviously, for each decision, the program only had access to the historical information available at the time of the case. The software was about 70% accurate which is on par with any single human expert. This is huge for the science of quantitative legal prediction. (As a fun aside, LexPredict also sponsors a Fantasy league for Supreme Court decisions.)

The Lex programs have additional potential uses in law: early/ongoing case assessment in litigation, forecasting various sorts of transactional outcomes and predicting the actions of regulators. LexPredict CEO Mike Bommarito offered these examples as the types of questions their programs can answer using the three data streams of experts, crowds and algorithms:

- Will the FTC approve our merger?
- Should we settle this commercial litigation?
- How much in damages will the EPA seek?
- Which law experts and law firms have been right about similar questions in the past?

An AI company called “Legista” already allows companies to enter data about a potential matter and the program will determine which law firm will be the best fit. There are a multitude of other possible predictive analytic uses: financial strategic planning, predictive marketing pitches, and pricing strategies. Firms can also analyze their clients’ spending trends to predict if/when they are about to be given the ax; this gives them a chance to pre-empt such terminations by making proactive changes.

Tomorrow’s Tech

- Data Analytics
- Commonplace eBilling, eSignature, eDiscovery, etc.
- Automated paid solutions for consumers
- A.I. Inundation: Speech/Image Recognition, ROSS
- Automated FREE solutions for consumers

As for other technology of Tomorrow:

E-everything: It will become (and already is becoming) commonplace to use e-billing, e-signature, e-discovery, and searchable e-contract repositories. By Tomorrow, there will be very few exceptions among large successful companies.

Online Paid Solutions: There will be a continued rise of automated online paid solutions for the average person. With programs like LegalZoom and Rocket Lawyer, an average consumer can already wade through the dense world of law and draft a will, form a business, apply for a patent, or get

quick legal advice from independent attorneys at a reasonably-affordable price. We expect these services to gain significant momentum in the near term once there is a clearing of the convoluted regulations encircling their offerings. LegalZoom and other online paid solutions have taken on several lawsuits since their inception, as have some of their users. Most notably, a man named Ernest Chavis ended up in court after using Quicken will-making software to help his 91-year-old neighbor draft a will at her request. In the end, the court ruled Chavis was guilty of the unauthorized practice of law (UPL), an often confusing “legal thicket that courts have failed to regulate coherently”, according to a 2015 Harvard Law School piece.

Along these same murky regulatory lines, Legal Directory Avvo discontinued their legal services offerings this past July. The service allowed clients to connect with a lawyer through the Avvo site and pay a flat fee of \$39.95 for a quick consultation. The controversy behind this program stemmed from the payment method: the client paid Avvo the consult fee which was then deposited into the attorney’s bank account. Avvo then debited a separate \$10 marketing fee from the attorney’s account as well. Many states believed this was a clear example of a non-attorney owned company getting a cut of an attorney’s fees; however, an Illinois commission recommended loosening the restrictions to help address the unmet needs of moderate income individuals.

AI Inundation: Currently there are over 100 AI legal tech startups with funding. IBM also recently committed to invest \$250 million at MIT for AI research and development. These inventors are on a mission to perfect image recognition and classification, legal question answering, robotics, speech, text analysis, text generation and translation. They will succeed, but we acknowledge that might be in Beyond rather than Tomorrow. However, AI image recognition capabilities are already better than humans, and Microsoft’s speech recognition tools can

transcribe human speech with only a 5% error rate. That's the same rate as you and me. In Facebook's battle to moderate hate speech, they are investing heavily in AI translation software: they are currently dealing with nearly six billion translations per day, in a huge array of languages. "Using traditional methods, it could take years to professionally translate a single day's content," the company said in a blog post. AI robots can also already write legal articles and readers usually cannot tell a difference.

As illustrated in a recent *LegalTech News* article, some upcoming AI innovations will be amazing time-savers for lawyers. For example, in a client intake meeting, an AI application can be "... listening in the background and automatically begin searching for potential conflicts. In the meantime, another algorithm continuously narrows down sources of legal research relevant to the legal matter at hand, as the intake form is completed or files are added to the case." For calendaring, another AI application can be passively listening in the background during an hour-long meeting. When the lawyer and client suggest meeting again, the app jumps into action, searches both parties' schedules and suggests a mutually beneficial meeting time. It is these practical developments that will help augment lawyers' jobs and streamline the legal process.

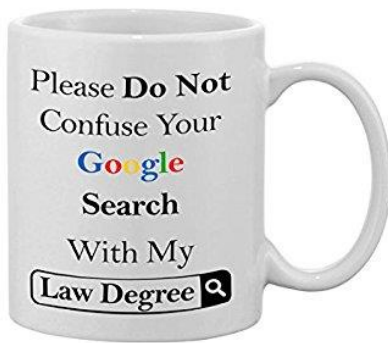
Tomorrow will also see more firms embracing AI like some of the industry leaders already have. Seyfarth has partnered with BluePrism to use robots for repetitive tasks. BakerHostetler was the first to "hire" the first well-known digital attorney named "ROSS". ROSS removes the need for lawyers to spend endless hours doing legal research for each case. Instead, using natural language like you are talking to a colleague, you can ask ROSS your research question and "he" will dig up the relevant answers and the exact passages he thinks you may need. This is not like the costly and clunky prior databases which provided thousands of irrelevant responses based on the keywords you typed in. ROSS can read and process over a million pages of law in one second, and he will continue to get better the more he is used, based on the human feedback provided. The ROSS of right now is designed for bankruptcy cases only, but that should change soon. As it does, co-creator Andrew Arruda has promised to provide this technology free to all legal aid lawyers and clinics that may need it.

Automated Free Legal Solutions: There will also be an increase in automated *free* solutions available to individuals. You may have heard of Chatbots, the robot lawyers most famous for successfully disputing 160,000 parking tickets in NY and London. The developers are now expanding Chatbot's powers to 1,000 different legal topics. For example, your Chatbot can help with drafting asylum applications, tenant/landlord claims, letters for extended maternity leave, or a cease and desist request to telemarketers. Using drag/drop tools and Q&As about your specific situation, they can even help you create the desired tone of your letter. None of these developments are perfect yet, but they are getting better each day.

Take for example, Robot Lawyer Lisa. This UK development is being billed as the first ever "truly impartial lawyer" who can help two parties reach a mutually beneficial contract agreement, without taking sides. LISA has been programmed to understand the key commercial principles and necessary documents for each situation. And most

impressively, LISA incorporates “sophisticated legal reasoning” so that the final product is highly customized and includes only the necessary clauses and terminology. Currently, anyone can access LISA for free NDA’s, as well as other paid contract solutions.

There is a debate about whether these robot capabilities like LISA are “tech terror.” Some lawyers argue it is dangerous to have the average consumer or software just filling out legal forms willy-nilly; rather, they argue an attorney is needed to fill it out with the right information and form a cohesive argument. Major lawsuits have been filed about whether solutions like this violate the authorized practice of law regulations.



There is a coffee mug on the market that reads, “Please don’t confuse your google search with my law degree.” This must have been written by an overly-defensive and slightly nervous attorney. Soon we will see consumers responding with a new mug on the market: “I don’t see a difference between your law degree and my robot.” The author of a recent article on chatbots rightly argues there should be

oversight by legal professionals, but the minutiae can be handled by the bots. As IBM’s General Counsel recently noted, “Watson could easily pass a multi-state bar exam without second thought.”



The Dell Digital Technologies Report drove home this key point: by 2030, “Today’s emerging technologies will underpin our daily lives;” The fear and wonderment surrounding them will be gone and we will be able to use machines as partner to help us “transcend our limitations.” The report gave this enlightening “A Day in the Life in 2030” vignette:

“Janine, a freelance designer, just received a notification from her AI assistant that her elderly aunt is unwell. Janine accesses her aunt’s home robot, which is constantly monitoring her aunt’s vital signs. She sees that the algorithmic health system has already diagnosed the issue and has ordered her medicine. Janine also added some flowers to the delivery to cheer up her aunt. The whole package is delivered within the hour via a drone. Janine coordinated all of that while commuting in a driverless, shared ride service programmed to pick her up and go directly to her daughter’s school. Janine’s AI assistant monitors the data flowing from her daughter’s implantable health tracker. Janine concludes that her daughter’s blood sugar levels must have been low because as her car pulls up, a delivery drone is dropping off a healthy snack.”

While possibilities like this seem over the top, it does bring to mind the famous Bill Gates quote: “We always overestimate the change that will occur in the next two year and underestimate the change that will occur in the

next ten. Don't let yourself be lulled into inaction." The Dell survey of 4,000 senior decision makers found that many are aware that inaction won't cut it: 45% are concerned about becoming obsolete in just 3-5 years, nearly half don't know what their industry will look like in a few years, and 73% believe they will need to be more "digital" to succeed in the future. This is especially true for those who want to adapt to the evolving legal industry.

TOMORROW'S BOTTOM LINE

With the tools and practices available Tomorrow, we will be on the right track by giving structure to the previously unstructured legal services delivery model. There is an emerging collaboration between traditional law firms, ASP's, legal ops professionals, and technology providers. This partnership will permit us to streamline and re-engineer the legal process, leading to more efficiency, cost-effectiveness, and productivity. For every matter, there are now options; the client can choose: "in-source, out-source, ASP or automate" or a combination of all of them. Lawyers are learning to "lean into lean thinking" and letting the customer's value drive the process. This applies to most companies and to modest-means clients especially.



The bottom line: access to justice will increase Tomorrow, but not to the point of widespread accessibility. The fundamental problems are still there. The bespoke model and the billable hour will be threatened, but they will survive Tomorrow. And they probably will be around for the next 5-10 years. But after that, we are into the great "Beyond".

Beyond

Beyond will be home to a tidal wave of technology, a rash of new opportunities for lawyers, a revolutionary time for law schools, and a groundswell of new legal options for consumers. We will touch on all these topics, but first here is our fundamental assessment and hypothesis about the future of law:

THE TOPICS OF BEYOND

- Future of Law Hypothesis
- U.S. Rules & Regulations
- Consumer Benefits
- New Lawyer Jobs & Employers
- Reinventing Law Schools

Obviously, the traditional bespoke practice of law by only certified lawyers fueled by the billable hour is currently ripe for disruption. There is a whirlwind of pressures coming from every direction which will shatter the monopoly lawyers have on the global legal industry: There is impressive and disruptive technology, empowered clients with high needs/expectations and unprecedented industry competition, options and

alternative labor models.

However, there are some major roadblocks on this rocky road to a reinvented industry. As Clay Shirky was quoted in *Tomorrow's Lawyers*, "Institutions will try to preserve the problem to which they are the solution." The U.S. legal industry is unique in that it creates and enforces its own market regulations and decides who can participate. This is very limiting for change. Right now, only attorneys are allowed to perform the "authorized practice of law," and in most cases only lawyers can own or invest in law firms. These severe restrictions will be tested and changed relatively soon.

Although this is the future in the U.S. and many other countries, this same seismic shift is already taking place in England and Wales. The norms for non-attorneys in the UK have been "liberalized." Legal services are still regulated, but additional categories of service providers are now allowed. More than 500 such business firms are registered there already. These are companies offering a variety of legal services, but (unlike in the US) they can be owned by non-lawyers. They're also allowed to have external private equity or venture capital investors who can share the risks and rewards.

According to Susskind, liberalized legal service delivery rules allow companies to break the narrow and old-fashioned constraints, spark an entrepreneurial spirit, and incite some competition and democracy among providers. Relaxed rules allow for interdisciplinary service offerings and cost-effective "one-stop shopping" for consumers with legal problems requiring services in different fields. In other words, they are not subject to the "myopia" of the lawyer-dominated American system.

Non-lawyers should clearly be doing more legal-related work than they are right now within the four different areas of legal practice: Process, Content, Advocacy, and Strategic Counsel. Advocacy and Strategic Counsel may be threatened eventually, but they will still be necessarily provided by attorneys over the next generation at least. However, Process and Content are crying out for takeover by alternative labor models and technology, and they will be sooner rather than later.

"WHAT ARE THE RULES?"

VS.

"WHO IS GOING TO STOP US?"

Our company, UpLevel Ops, has this perspective: The mindset worldwide among entrepreneurs is no longer "What are the rules?" but "Who is going to stop us?" Take for example AirBNB, marijuana providers, and Uber/Lyft.

Their business models were not legal in the U.S. when they started. However enough people wanted what they were offering, so the rules are changing to

meet those needs. And many companies are prospering mightily. The legal industry will follow this same path. The stagnant law firms will be like the long lines of over-priced taxi cabs waiting at the curb for someone uninformed enough to use them instead of summoning an Uber.

BEYOND'S DRIVING FORCES, NEW EMPLOYERS & NEW JOBS

“There are none so conservative or reactionary as those who benefit from the status quo.”

-Richard Susskind

Powerful forces will be needed to drive these changes towards the modern legal practice model outlined in this whitepaper. There is a lot of money at stake, so there will be both people looking to profit from progress and those resisting any change. Most law firms do not want to make these changes – why should they rock the boat when they have a good business going from their perspective? In addition, most in-house legal departments do not have the time or money to force it, and most of them are pretty conservative themselves. In our view, two groups with money, power and incentives for progress will take the lead: Venture Capitalists/Entrepreneurs and the Big 4 accounting firms (Ernst & Young, KPMG, Deloitte, and PWC). Both of these groups embrace the strategy: “The best way to predict the future is to invent it.”

Venture capitalists partnering with entrepreneurs and technology experts have been responsible for disrupting numerous industries and now the huge legal market is on their radar as well. They have vast resources at their disposal and motivation to drive significant changes, as illustrated by the 1500+ legal tech start-ups that currently have funding.

The Big 4 are already on the move as well. They are currently running law firms outside the U.S. and are storming their way into this country as much as regulations will allow. In September of 2017, PWC “planted a flag” when they announced plans to open a law firm in Washington D.C. The firm will operate separately from the accounting firm and focus solely on helping U.S. clients with international issues. They will not be offering advice on U.S. law. While PWC does not have immediate plans to open other American offices, they are not ruling that possibility out; for now, however, they are waiting to see how the market reacts to this first venture.

In June of this year, Deloitte UK announced a unique “alliance” with major U.S. law firm Berry Appleman & Leiden (BAL) which will position Deloitte to have a partner in the U.S. to support their service offerings without running afoul of US regulations restricting the delivery of legal services. In return, Deloitte acquired all of BAL’s non-U.S. business which spans eight countries. Deloitte is also showing considerable strength around the world (including in the USA) with their Legal Management Consulting business; this program coaches legal departments on improving their operating models, increasing efficiencies and meeting their business needs.

Susskind believes the Big 4 will eventually position themselves in the U.S. as highly efficient ASPs specializing in process outsourcing, risk management, knowledge engineering and technology. They will be able to unbundle their services or “re-bundle” them to offer comprehensive solutions for clients’ comprehensive problems. EY’s recent acquisition of Riverview Law is a prime example of Susskind’s prediction coming true. As we move forward, traditional law firms should worry about these four deep pocketed, savvy, experienced, aggressive entrepreneurs more than anyone else!

Other industry players will move into the traditional legal domain as well: In addition to the ASPs mentioned earlier, add the major legal publishers like Thomson Reuters to the list of those who will likely be hiring. The publishers are continually branching out; they maintain huge legal databases and specialize in legal knowledge engineering, reporting and systemizing their high-tech legal solutions.

There will also be more lawyer leasing agencies like Axiom and some new-look law firms as well, such as ElevateNext or UnitedLex's Marshall Dennings. A focus on technology and project management, low overhead, outsourced back-office functions and a flexible lower cost workforce will be the hallmarks of these businesses.

Susskind pushes attorneys to strive for innovation in this time of automation. He encourages them to find a niche by practicing law in ways which have never been possible before. And perhaps abandon those jobs that no longer serve a viable purpose. The following prediction took our breath away: experts at the 2017 Institute for the Future Conference predicted that *85% of the jobs that today's learners will be doing in 2030 have not yet been invented*. Also daunting: a 2016 Deloitte study predicted a 39% loss of the current legal sector jobs; as traditional attorney jobs are phased out, modern positions will take their place. Susskind offers a list of New Jobs for Lawyers in the third section of *Tomorrow's Lawyers*:

The Data Scientist: Metrics experts who can identify trends, patterns, insights, predictions.

The Legal Knowledge Engineer: Attorneys finding ways to systematically embody the huge quantities of material online to create a system "used to solve many problems, rather than finding an answer to just one."

The Legal Technologist: Lawyers credentialed in both law and systems engineering.

The Expert Trusted Advisor: The final output of many legal matters will still need a real-life lawyer's personal input. The late-stage bespoke touches, the advocacy, strategy and tactics for your personal and complex case: those are not going to be replaced by a robot anytime soon.

The Legal Hybrid: These are multi-disciplinary lawyers who also have extensive training and practice in finance, marketing, psychology, or most importantly, business. As part of this, we will see a General Counsel's evolving role as a business strategist with a seat at the board table or being hired as CEO.

Legal Process Analyst: This job will capitalize on the insights of an experienced lawyer who can find appropriate providers for each decomposed task and service within a matter.

Legal Project Manager: While there are many LPM tech tools available on the market, LPM *expertise* is still a "rare commodity," according to FTI Consulting. Legal PM's are responsible for monitoring the timeliness, budget and quality of a matter. They will also pull all components together into the polished final package. The smoother the process, the higher the profit margin. Smart firms should strive to take on this role as a supply chain manager for

their in-house clients Today, not wait for Tomorrow or Beyond. A few progressive firms are already moving in this direction.

Online Legal Service Providers: This can include online court practitioners, like those already in place in England. They handle online services, dispute resolution, virtual hearings, etc. Plus, lawyers will be needed to develop and maintain pre-packaged legal options or offer advice to online users.

Legal Risk & Compliance Managers: Lawyers who can hone in on dispute avoidance. Susskind offers the analogy of putting a fence at the top of the cliff instead of an ambulance at the bottom. Risk managers will welcome the systems and methodologies now available to identify, quantify, and pre-empt legal problems.

Research & Design lawyers: They will be tasked with keeping up with change and creating it. They will have space to come up with new legal systems/solutions and lots of room for exploration. They will be given leeway for false starts/disappointing outcomes on adventurous new ideas. Take for example, Axiom's new R&D center in Seattle. The outpost will be responsible for "shaking the trees" of the industry as they test and create advanced tech solutions. In addition to lawyers, Axiom will be hiring data scientists and engineers for the R&D center.

Management or Operations Consultants: Lawyers called in to help with operations strategy, team building, know-how development, technology implementations, communications, budgeting, etc. These roles are already in place Today and will become even more important in the future.

Pricing Specialists: Experts who can calculate profit and actual value and find that sweet spot where both parties are happy.

BEYOND'S CUSTOMER BENEFITS

When these potential opportunities, jobs and employers converge, it will manifest itself in ways that will vastly improve consumers' interactions with the legal system. Liberalized rules for alternative labor models combined with AI, smart analytics, and continued expert oversight will pave the way for easy access for the average user who will no longer have to navigate their way through a pricey and confusing legal maze.

Mass customization, standardization, and systemization: this will allow for streamlined processes, better knowledge management and the recycling of templates and precedents. The consumer will not have to pay for lawyers to re-invent the wheel for each matter and lawyers can spend their time more valuably. For example, attorneys will collaborate to share resources/ideas/best practices in closed communities like Esq.me or the former Legal OnRamp. On a bigger scale, companies will share costs for legal work they all have in common (e.g., compliance). This will save money for the companies and ultimately their customers as well.

Susskind gives this example of commoditization being a win-win for customers and firms: Attorneys can choose to market their pre-packaged legal documents, expertise and advice and make it available online at a reasonable

price. In this scenario, the customer's costs plummet while the firm still makes a decent amount of money "while they sleep."

These proprietary online legal tools can have a wide range of goals for the firm and costs for the users. There are a few firms already venturing down this road: For example, Littler Mendelson offers free document production web tools and state-by-state employment law comparisons. Littler recognizes that it is no longer viable to charge a client to tell them what the minimum wage is in their state compared to others, given that they could access the same information with a little digging on google.

BEYOND: CUSTOMER BENEFITS

- Mass Customization
- Standardization, Systemization
- Crowd Sourcing
- Open Sourcing
- Online Courts & ODR

The firm is also striving to recapture work that is now often remaining in-house: they partnered with software developer Neota Logic to launch ComplianceHR, a subscription platform which helps companies navigate basic labor law questions. For example, using the interactive tools, they can determine if a particular employee is exempt from federal overtime laws. The cost is a fraction of what traditional outside counsel would cost, but still brings in money that would have otherwise stayed internal. While the initial

investment for the firm may be significant, it remains stagnant: "The beauty of a subscription is that the next user doesn't add anything to the cost."

UK-based Allen & Overy uses their online Aosphere subscription platform to increase their US presence. The international service helps clients manage their cross-border legal risks, among other topics. Subscription costs are based on company size, but their roughly 365 subscribers (12,000 individual users) have unlimited access to the tools. Their renewal rate is about 99%, plus the users are obviously more likely to engage A&O if they need in-depth counsel.

Another consumer benefit of the beyond: crowd-sourcing systems. These will allow us to access, analyze and harness the collective talents of large groups of experts or people with similar issues. Studies have shown that the diversity of a group of people solving a problem is more important than the total IQ of the group.

Here is another interesting LexPredict achievement: when every newspaper and journalist was using their standalone experts to guess President Trump's first Supreme Court nominee, LexPredict turned to the crowds. They asked 4,000 interested people for their predictions and the crowd got it right. Unlike any of the other published "expert opinions" from the major media sources, the crowd unequivocally picked Neil Gorsuch.

As LexPredict CEO Bommarito stated, "The golden era of the cult of the expert is over....Armed with science on the judgment of groups of people and technology to help, we can do much better than relying on one person's gut instinct."

Open-sourcing: Public websites will be stocked with legal materials available to everyone. There will be case studies, documents, guidelines, procedures, and practical experience -- all at no cost. Already, Harvard Law has digitized the school's entire collection of U.S. case law. That's 500,000 pages a week that were scanned and extracted into machine-readable files. Anyone with an internet connection now has access to it. For this project, Harvard partnered with research and analytics platform, Ravel Law. Ravel used data science, machine learning, and visualization tools to make the whole database of millions of court opinions easily searchable. These partners share a belief that the law should be free and open to all, the same philosophy as the developers of ROSS and Chatbots. Dan Katz and LexPredict have also open-sourced their contract and document analytics software in hopes of producing an open-source infrastructure within the legal ecosystem and encouraging companies to adopt technology.

Online Courts: In the UK, they are establishing their online court system for civil disputes. This is the first public court system of its kind designed for straight-forward, low-value cases. It is a three-tiered program involving triage, conciliation, and judicial determination, all via computer. Typically, no lawyers are needed from start to finish.

A Robert Ambrogi article outlined the benefits and potential problems of Online Courts:

ONLINE COURTS	
BENEFITS	POTENTIAL PROBLEMS
Confidential but informal (not bound by strict rules for procedures/evidence)	Inaccessible to people with no computer experience
Low-cost or no-cost to consumer	Not yet suited to complex issues
Convenient, especially for parties who live far apart	Not yet suited for cases with non-monetary remedies

In the Beyond, expect these problems to be minimized and the benefits to be expanded.

Here in the U.S., Online Dispute Resolution (ODR) software is allowing us to dip our toes in the new realm. A few years back, eBay said it used ODR software (instead of human mediation) to negotiate 60 million disputes between buyers and sellers; they reported a satisfactory outcome over 80% of the time. No lawyers are needed. Franklin County, OH is one of many US jurisdictions advertising ODR as a way to reduce the backlog of minor civil court cases and increase client convenience and satisfaction. One ODR software developer says they typically shorten case lifetime to an average of five days, with all parties being able to access the system through their mobile devices 24 hours a day.

An article on the "New Frontiers of ODR" illustrates how countries abroad are using court platforms for online divorce mediation, which helps moderators control incendiary claims and tones. Embedded algorithms also have

the ability to use game theory for couples dividing assets: the product takes into account both the objective value of assets and each person's preferences to impartially divvy up their belongings equally.

As Susskind notes, "disruption" is a daunting term. But this disruption we are discussing is not disruptive for the clients; the actual people using these services will benefit. In fact, it has correctly been said that "One person's disruption, is another's salvation." The goal is to simplify the industry for those on the inside while simultaneously demystify the industry for those on the outside who need legal help.

With these types of smart systems in place, imagine a day in the relatively near future when it is considered routine for people to post a legal dilemma online and know they are getting a reliable answer in return. You will not need to go to a certified lawyer to get legal advice or draft legal documents.

*Will all this spell the end of the legal profession?
No way, but it will change radically, and it will be an opportunity for evolution.*

Take for example, this concept illustrated in a *Law Technology News* article: The greatest invention of all time is no longer a junior associate. In the past, it was these underlings compiling tedious binders for each legal case. Then this same work was driven down to lower-cost paralegals, then perhaps the same work was sent offshore. But really, if there is a binder-making machine that can do it now, wouldn't that be the best option of all? Plus, who needs binders anymore, anyway? Times are changing!

Let us unburden the lawyers of the non-legal tasks and unburden the consumers who have always had to pay them for it. Through technology, consumers and companies can begin to self-educate and solve their own problems to a certain extent; they have the option of using the legal tech tools/systems created and maintained by attorneys and if needed, they can then bring in a lawyer for limited expert advice at the end. In this way and many others, navigating the legal system will become a collaborative, not combative, endeavor.

In many professions, including law, the emphasis will soon be on multiplicity: diverse groups of machines and people will learn to work together to solve problems. A *Wall Street Journal* article this past spring titled "*The Robot Human Alliance*" addressed the growing and unreasonable concern that a singularity of robots will make all legal jobs obsolete. This will not be the case. The winners will not be those who fight the machines, but those who use them to their benefit.

The most successful lawyers in the beyond will consider the delivery of legal services as a "Team Sport": Their legal team will no longer be a bunch of stuffy attorneys: we no longer need junior associates spending years of their lives in a dark file room delving through documents, analyzing contracts or litigation data or senior partners monitoring e-Discovery. The legal team of the future is comprised of lawyers, multi-disciplinary professionals and experts,

your friendly robot colleague and all your legal tech platforms which can in theory make life easier. This results in better profit margins and more consequential work for attorneys performing the tasks only they are “uniquely suited to do.”

By combining these new jobs, new employers and new forms of compensation, we might even find lawyers (especially millennials) making a previously unheard-of effort to achieve a satisfying “work-life balance.”

Associate attrition is at an all-time high. Even as firms shell out top dollar to new lawyers, the pace of work may be too much. As cited in a 2015 Hasting College of Law paper on disruptive innovation: “In the 1960’s, a full-time attorney typically billed 1,300 hours per year. When salaries spiraled up in recent decades, hours spiraled up too. Now commonplace are billable hour requirements in the range of 2,000-2,300 per year - and billing 2000 hours translates roughly to working 60 hours per week.”

As attorneys strive to find their best use, employee satisfaction will not be based solely on monetary compensation, but other intangible rewards like leadership opportunities, flexibility, autonomy, peer recognition and growth and belonging. There will also be more opportunities for diversity and inclusion for those who would otherwise get filtered out from the traditional legal services infrastructure. For once, attorneys’ profits will not be their only purpose.

These new brands of lawyers will be tasked with overhauling an industry on shaky ground and we cannot expect them to suddenly appear out of nowhere: we must train them. It is time for law schools to step up.

REINVENTING LAW SCHOOLS

In 2017, Whittier became one of the first fully ABA accredited law schools to shut down permanently. Valparaiso also announced they are suspending enrollment indefinitely and are winding down operations starting this fall. These two (along with the embattled for-profit Charlotte School of Law and the short-lived Indiana Tech law program) are the latest victims in a turbulent stretch for the nation’s schools...but they won’t be the last: “Once somebody does it, it becomes much more acceptable, psychologically and politically,” according to a higher-education economist at the University of Colorado. Expect more closures as institutions struggle to stay afloat when their poorly-prepared graduates fail to succeed and their enrollment continues to decline.

2016 was a low point for law school admissions:

- There were 56,500 applications submitted nationwide. That is a 33% percent drop from the 84,000 in 2007.
- *U.S. News* data also revealed that the average number of applicants at lower-ranked schools declined by 52% between 2008 and 2016. At the fourteen top-ranked schools, the average number of applicants declined by 20%.

As the admissions market became weaker over the past decade, the attacks became stronger against the traditional law school curriculum. It has been labeled by many as too theoretical, academic, and disengaged from the modern profession. There are more grads than available jobs and often students are unprepared for those opportunities that are available.

Just as public elementary schools are focusing on computers and phasing out cursive writing, law schools are now becoming more heavily focused on actual job preparation and even placement. They are shifting to meet the new legal landscape, and there is a chance students are getting wind of these changes on the horizon: 2018 enrollment data shows a potential rebound underway. The data is still being compiled, but offers these data points so far:

This past admissions cycle, the number of law school applicants had increased by 8-12% (compared to the same time the year before) and are on track to reach the 59,000 applications mark for the first time in a while. (Note this is still almost 27,000 fewer applicants than 2010).

Better numbers for 2018 were anticipated after sizeable jumps in the number of 2017 LSAT takers (19% more people took the test in June 2017 than June 2016; 26% more in December 2017 than December 2016)

Applicant scores are up too, with a 21% jump in the number of applicants with LSAT scores above 160. Conversely, applicants with score below 144 declined slightly. In a recent Law.com article, the president of the Law School Admission Council stated, "I know this is good news for all us who had become concerned that some very talented students were choosing not to pursue legal education."

The admissions process is also morphing to match the modern market: *U.S. News* reports that schools are increasingly valuing substance over a single test score. Applications often include additional essay prompts to showcase leadership experience or personality. For example, Stanford asked students for the literary character with whom they most identify. Georgetown asked them to write "page 150" of their autobiography. Many institutions are now requiring an interview to gauge candidates' future "employability" and professionalism. Applicants must be prepared to answer questions about their innovative career goals and tech capabilities.

An *ACC Docket* Article about the "Lawyers of Tomorrow" offered the following insight: "Gone are the days that students go to law school because they are bad at math. Future law students will need to love math and technology. They will need to have leadership and EQ skills...they will need to understand a wide variety of disciplines that interact with legal services. Great legal education must resemble business school education, with case studies, leadership training and active networking."

In the past, law students were taught to "think like a lawyer" while the firms then taught their new hires "how to be a lawyer" at the expense of their clients. Now, new attorneys must be practice-ready from the start or not "practice"-ready at all (at least in the traditional sense): many grads "will use their knowledge of law not to engage

in traditional client practice, but to fill positions in the business of law where their knowledge can be best leveraged and used to enhance delivery.”

To reach that point, Susskind says we need fewer classroom lectures (save those for gifted speakers and special guests who are not reciting the text book), more powerful online seminars (e.g., TED talks or legal training videos from companies like HotShot), and more debate (in-person and online classroom forums). Many grads are also working in company legal departments right away, so schools must re-think the Socratic method/litigation-driven training that does not provide much benefit to in-house trainees.

Let’s talk about some of the law schools that are already adapting:

At the forefront are Andrew Perlman and his colleagues at [Suffolk](#). They offer a three-year “Accelerator to Practice Program.” It teaches legal technology, law practice management and alternative models for the delivery of legal services. They also have targeted experiential training in small firm practices and use a specially-created law firm embedded within the school. At Suffolk, they also have a Legalware Innovation Competition where law students from five law schools compete to design improvements for existing legal technology products.

At [Georgetown](#), they offer a “Program in Legal Technology.” The focus is on research, policy work and a partnership with the DC Affordable Law Firm. They also incite a competitive spirit with their Iron Tech Lawyer competition: Law students take a course in which they use the Neota Logic platform to build software solutions for legal aid societies and low-income people. The program culminates with a competition in which the students’ creations are evaluated by a team of experts.

Under the direction of Dan Katz at the [Chicago-Kent School of Law](#), the school has created the “Reinvent Law Laboratory” and offers a “Legal Innovation & Technology” certificate. Another Chicago-Kent semester-long practicum offers a public interest law certificate in conjunction with their “Center for Access to Justice & Technology.” The students manage and promote the Access to Justice (a2j) automation tool mentioned earlier and help the Self-Help Web Center run a partnership with the county court clerk. Users of the center can access the a2j suite, a users’ guide to free or low-cost legal representation and FAQ’s.

[Stanford’s](#) curriculum is decidedly client-focused. At the school’s “Legal Design Lab,” their research areas include:

- Improving court systems
- Improving laypeople's ability to solve their own legal problems using the internet
- Communicating legal information to large numbers of laypeople
- Creating alternative models of courts, law firms, corporate legal departments

Also at Stanford, their CodeX Center for Legal Informatics focuses on using big data to design more legal automation.

The University of Miami's program is one of the most exciting: Their "Law without Walls" program matches mentors with law students and grad students from multiple institutions. Over a four-month period the students design a solution (often involving technology) to a legal problem. The program currently involves an impressive list of almost 15,000 students, practitioners, academics, entrepreneurs, and venture capitalists from around the world. They have similar programs for legal social entrepreneurship and compliance.

At Hofstra, there are several courses in which students develop "argument structures" partnered with technology to tackle current hot topics like medical malpractice, vaccine litigation and veterans' benefits. The goal is to create decision-support tools for judges and attorneys dealing with these issues.

At BYU's LawX Innovation Center, the students in the legal design lab aim to create one product or solution each semester to help average citizens access legal affordable and understandable legal services. For example, the lab recently researched Utah's debt collection crisis, analyzed the loopholes and barriers to justice, and created a free software program that guides defendants on how to successfully fight the claims against them.

At Michigan State, they are providing social media boot camps focusing on blogging and twitter. The most interesting part is that the students are using these innovative outreach platforms to get jobs that might have gone to candidates from the traditional top-tier schools. Michigan St. is also the first school to publically track the efforts of the most progressive institutions nationwide with their Law School Innovation Index. The goal is to inform prospective students about the choices available.

Vanderbilt launched its Program on Law and Innovation (PoLI) in 2015 with the goal of training students to be innovators in the legal profession. Professor J.B. Ruhl was quoted in a *PreLaw* article as saying, "I don't see how you could envision a law school not having something...that has a lab-like atmosphere exposing lawyers to modern-day practice." Ruhl's students are exploring new legal business models, AI, entrepreneurial skills and how increased efficiency can make legal services more affordable.

Students at the University of Minnesota Public Interest Residency Program spend their entire third year of law school working full-time for a public interest agency. They are then guaranteed a full-time position at the same organization following graduation.

Mitchell Hamline's "Executive JD" program is one of the first and only ABA-approved "distance-learning" degree options designed for non-traditional law students. During the four-year program, the vast majority of coursework is done online augmented by pre-recorded lectures, moderated discussion forums, live chats, and video analysis of students practicing skills including oral arguments, client interviewing, and negotiations. Students travel to the Twin Cities campus twice each semester, once for a capstone week for in-depth experiential learning and once for a "weekend workshop" in which they take a deep dive into a relevant case study (e.g., the legal aftermath

surrounding the I-35 bridge collapse or the legal process for taking a company public). Participants from the real cases help facilitate these workshops.

Schools are also able to partner with outside providers like UnitedLex for “legal residency programs” or purchase curriculum developed by Bill Henderson’s Institute for the Future of Law Practice. Author Mark Cohen believes the IFLP modularized curriculum (developed with insight from all legal ecosystem players and designed to bridge the skills gap of both law schools and midcareer attorneys) enables schools to “create new course offering in areas the complement their traditional curriculum without incurring the research and development expense and time-lag.”

We have reached a point now where most law schools understand they must adapt or be swallowed whole by the quicksand foundation their hallowed halls are built upon. In a blistering *Forbes* article, Cohen rails against law schools who still cling to “antediluvian faculty notions that to change the current pedagogical approach would be to dilute – if not bastardize – the profession.” He is harsh about the faculty’s lack of practical experience in this modern industry and schools’ hesitation to replace them with people who have “different backgrounds than the pedigree-centric, narrowly tailored Law Review, clerkship, and academic career paths of most tenured faculty.”

We believe faculty at many schools are making an effort and have been doing so for a while: the mantra emphasizing “practicality” in legal education has been around for decades. Most schools now routinely teach valuable skills like negotiation and drafting. Some experts opine that law schools should consider adding modern courses on “professionalism” training, search engine optimization, networking/people management, law firm overhead, business development, billing arrangements, and clinic/court immersion. All of these would help, but will they be enough to change the underlying traditions?

We at UpLevel encourage law schools (especially those that are smaller or lesser known) to look upon this as an opportunity for improvement. Deans should ask these questions of themselves and their teams:

- What areas of this new industry intrigue our team members the most? How can we explore this further and who can champion this effort? Can we give them the funding and flexibility to do so?
- What can we do within our own community to create valuable partnerships and experiences for our students?
- What “lab-type” experiment can we create within our school?
- How can we move beyond “tick-the-box” continuing education for our faculty?
- What outside experts can we bring in to help?
- How can we get more legal technology available to our students?
- What options can we provide for non-traditional JD courses to increase job opportunities for our students?
- How do we train students to be ready for the new legal-related jobs being created?

There is no way for a school to cover every aspect of a continuously evolving legal landscape. But for those who have earned their places on law school faculty and want to stay, we encourage you to identify your current team's strengths as you mold your good program offerings into great ones. Strive for both incremental and transformative updates to the curriculum. Adopt a culture of continuous improvement in place of just continuing tradition. Although implementing these changes are both frightening and enlightening, by tackling these projects one by one, law schools can position themselves and their students for long-term future success.

Note: UpLevel Ops has prepared a more detailed synopsis of the nation's most innovative law schools. We are happy to share it with anyone interested.

BEYOND GRADUATION

Clearly, some law schools are beginning to make a more concerted effort to secure jobs for their students. However, these new lawyers also need new on-the-job training grounds. Much of the drudge work traditionally given to junior associates has been or will be eliminated soon. Therefore, in order to "learn the ropes" they will need apprenticeships, experiential guidance, and quality time with expert trusted advisors.

Legal incubators are one collaborative solution recent law grads are pursuing. These programs not only help the lawyer with their early career but also fill the justice gap in underserved communities. Though practicing on their own, the new lawyer is supported by a network of local coaches, law school reps, pro bono and community mentors who have invested time (and in certain cases, finances or office space) in the success of the "incubated" lawyer. In return for the community support, the lawyer supports the community by serving a set amount of pro bono hours over the course of three years.

A novel training program has been developed at the *Gunnercooke* firm in the UK: new graduates are given three-year salaried positions (they never once fill out a timesheet) as they work with various attorney mentors. As they decide what *legal* specialty they will pursue, they are provided with focused training on becoming business people as well. To finish this program, participants must set up and run a not-for-profit charity, giving them valuable experience while addressing a social need.

Many companies including Hewlett Packard, DHL and Change Healthcare (formerly part of McKesson) have programs for hiring recent grads in-house before they get scooped up by law firms. At Change Healthcare, new hires are titled "Legal/Contract Specialists" and start at an \$80,000 salary with no bonuses. Their salaries are a fraction of what more senior attorneys require and they are capable of doing the work of two paralegals. At DHL, freshly-minted lawyers are given routine employment and real estate matters to handle on their own; this is work that typically would have been outsourced to firms at sky-high prices. As they learn how to be real-life lawyers, these junior attorneys are given a place in a company that values them and values the work they do. Plus, they are given a chance to move up the ladder with strong in-house training and mentorship. These hires build good community ties with the local schools and, more importantly, they build good lawyers.

Bill Henderson, founder of IFLP and the Lawyer Metrics program, found these five characteristics make for great lawyers:

1. Academically gifted
2. Extremely motivated
3. Getting valuable work assignments early on
4. Getting good feedback
5. Having the type of mentor who can “supercharge” a career

In the future, those five characteristics are unlikely to change. Firms and law departments should foster these qualities to build a team of first-class and forward-thinking practitioners.

Our best advice to law students, young attorneys and those who hire them: to paraphrase Wayne Gretzky and quote Richard Susskind, “Don’t go to where the practice of law is today. Go to where it will be in 5-10 years.”

Conclusion

“Delivery of legal services must be accelerated to match the speed of business – and life..”

-Mark Cohen

The Salvation Army in the U.S. is known for ringing bells and collecting used clothes to help those in need. In Australia, the same charity owns and operates two award-winning law firms that have handled over 19,000 humanitarian cases. All free of charge.

This unique social impact was made possible by modernized rules for firm ownership and investment: the Salvation Army created one commercial firm for profit and then uses those profits to operate their humanitarian firm Salvos Legal Humanitarian Limited (SLHL). SLHL’s mission is to provide legal help to low-income people and help them address any underlying issues that may have led them to a conflict with the law (addiction, counseling, conflict resolution, employment, etc.). SLHL will only take on clients who are “not malicious” and who have a genuine desire to improve their lives.

As *The Great Legal Reformation* author notes, “One has to wonder...when civic-minded corporations with a need for high volumes of legal service will seek out and work together with a charitable entity to replicate the success of Salvos. Such a move could be the next evolution of corporate responsibility: moving from donations of time and money to the creation of an overall business strategy that simultaneously results in societal benefit.”

Unfortunately, current regulations often stand in the way of doing this.

However, when enough people want the legal industry to transform, it cannot and will not be stopped. And before we know it, the future will be now. In this new era, expect to be saying a lot of “goodbyes”:

- Goodbye to the traditional law libraries and standard offices (think of video conferencing or beaming a hologram of yourself to a meeting)
- Goodbye to the bespoke model in most situations and the billable hour...finally
- Goodbye to the antiquated leverage model with lawyers or paralegals doing the process and content jobs
- Goodbye to thinking that increasing legal aid will be enough to solve the justice access problem
- Goodbye to only attorneys owning, running and profiting from legal businesses
- And Goodbye to stringent rules about “the unauthorized practice of law”

Susskind poignantly encourages the lawyers of tomorrow to embrace these changes instead of irrationally rejecting them. Ideally in this new era, we will crack open the self-imposed cocoon isolating attorneys and force them into the bright lights of the real world where transparency, accessibility and client value will be their motivating factors. It will be constantly reinforced that the law is not in place solely to keep lawyers in business.

Alternative labor models will help attorneys come to understand that “Everyone is important; no one is *that* important.” Lawyers will welcome inter-professional collaborations that will streamline services and make them available to a much wider market. Legal teams will look for opportunities to push down the work, skill up the people, and drive down the price of legal services.

Eventually, doing the same old thing in the same old way, will no longer suffice as a strategy for legal departments and firms. They will need to embrace a “legal-by-design” approach that is both proactive and predictive. Successful companies will specialize in “developing their business, products, leadership, relationships and stewardship to clients.”

We at UpLevel also encourage the lawyers of tomorrow to welcome change and innovation and find out where you could you make the biggest impact. There is room enough for everyone to thrive.

Keep this in mind: As machines get better at what they do, people will need to get better at doing what only they can do best...being people. Only another human (at least for the time being) can offer the inherent benefits of a good working relationship: trust, empathy, passion, caring, humor, and the ability to see the big picture.

And the big picture here is what is important: for most individuals and small to medium companies, we need to restore their access to justice. Starting Today, continuing Tomorrow and surging much higher as we move into the Beyond.



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