OM10: Innovate and Improve Service with the Use of Technology

08/03/2018
I have been with Fish since 2001. Prior to that I was the IT Director at a smaller firm in New Mexico with approximately 100 lawyers at the time. I think my past is an important point to make. Because I was at a smaller firm, I understand the resource issues that many firms face.

I’m happy to answer questions via email after this session.
Objectives

- Recognize what is happening in the market with innovation, artificial intelligence (AI) and other changes in technology.
- Identify what their peers are doing to apply innovation at their firms.
- Discuss practical examples and use cases of artificial intelligence.
What is innovation?
A new device, idea, or method

Marketing term or something else?

Some firms think that buying and marketing AI research products is good enough.
Quotes

Are you speaking to your clients?

“Law firms have something that corporate legal departments cannot replicate—access to more sources of diverse data because they serve many clients.”

These are quotes from emails and discussions that I’ve participated in over the last several years.
“We observe in the tech industry that if you can drive more consumption of your solution, the data that enters your platform can create a moat built upon that data. This advantage can be hard to overcome because you have a superior solution for your customers that keeps reinforcing itself.”

“Data is capital. There is an economic cost to producing data.”
“We value the unique capabilities that your firms have to serve our needs due to your technical expertise, institutional knowledge, and influence. I hope that your firms are giving real thought to how you will build upon your specific platform strengths, and add the innovation capabilities that seem to be native to the Big Four.”
Impact of AI on the Practice of Law

• Lola v. Skadden

Importantly, the court’s statements suggest that machines can remove tasks from the scope of the “practice of law,” such that machines can encroach on a lawyer’s role in society.

Yale Journal of Law & Technology
Lola v. Skadden and the Automation of the Legal Profession
https://yjolt.org/sites/default/files/20_yale_j_l._tech._234.pdf

A simple employment case
Lola made the following argument:
He posited that the work he was conducting as a contract reviewer was so common and routine that it should be excluded from the specialized practice of law and, thereby, should become subject to overtime pay.
Digital Transformation

Your clients are talking about Digital Transformation

“The integration of digital technology into all areas of a business resulting in fundamental changes to how businesses operate and how they deliver value to customers. Beyond that, it is a cultural change that requires organizations to continually challenge the status quo, experiment often, and get comfortable with failure.”

What is the digital transformation?

How are you going to provide value to your clients beyond being the best lawyers possible?
## What are you doing with your data?

- Law firms don’t value their data enough.
- You need to educate your partners about the value of the data you have in your systems.

Is your data in a system or is it in documents?
Data costs money until you do something with it. Storing your data is not free. Before you mine that data, the value is speculative. To be clear data is not a commodity. It is not fungible like oil.

Build a data exchange. Pour data into it. Allow people to access that data. Take advantage of your data.
Narwhal Document Automation processing
Classification of time entry cards based on six matters that were classified

We’re classifying data so we can act on it.

We’re building the expertise in house. When you hire a consultancy, they learn from you and they give that knowledge to the next firm.
As the figure shows, machine learning starts with data, the bigger the sample size, the more accurate your results are likely to be. Because we live in the era of big data, machine learning has become much more useful and valuable in the last few years. Having lots of data to work with in many different areas lets the techniques of machine learning be applied to a broader set of problems. Additionally, this process can be rerun in the future in order re-train the algorithms with little effort in order to keep pace with the evolution of the problem.

This is exactly what the machine learning process does: It applies statistical techniques to large amounts of data, looking for the best pattern to solve your problem. It then generates an implementation code that can recognize that pattern. This generated code is referred to as a model, and it can be called by applications that need to solve this problem. With the routing application, for example, the calling application must provide the right information about the document, such as sender, recipient, where the document originated, and the text of the document. The model created through machine learning then returns an indication of who to route this document.
Azure Machine Learning
Money

- How much we’re paying for Azure Machine Learning
  - $9.99 per month per developer for the developer license
  - $1000 per month for 2 million transactions
How do you build an Innovation team?
Should you?
The Current State of the Big Four in the Legal Market

Today, the legal arms of the Big Four are by any account, sizable. In 2016, the legal arms of the Big Four averaged 2,980 lawyers working in 72 countries. It is important to note that these numbers represent only the legal arms of their businesses — not the total number of lawyers working within the overall organization. Nonetheless, Deloitte, the Global Leader for E&Y Law, when reporting that its firm’s legal arm had 3,000 lawyers operating in 68 countries, was quick to note: “These figures do not include people with a law degree who are accountants or tax consultants; these are lawyers fully dedicated to it’s legal business excluding tax and immigration.”

Figure 4: Global law firms vs. legal arms of global accounting firms

Top 10 largest law firms by number of lawyers vs. the legal arms of Big Four

<table>
<thead>
<tr>
<th>Global Rank</th>
<th>Law Firm</th>
<th>Lawyers</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dentons</td>
<td>7,445</td>
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<tr>
<td>2</td>
<td>Fresh</td>
<td>8,378</td>
<td></td>
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<tr>
<td>3</td>
<td>Baker McKenzie</td>
<td>6,759</td>
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</tr>
<tr>
<td>4</td>
<td>O’Melveny</td>
<td>3,816</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Norton Rose Foulds</td>
<td>3,307</td>
<td></td>
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<tr>
<td>6</td>
<td>CMS Legal Services</td>
<td>2,125</td>
<td></td>
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<tr>
<td>7</td>
<td>Hogan Lovells</td>
<td>2,509</td>
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<tr>
<td>8</td>
<td>Jones Day</td>
<td>2,637</td>
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<tr>
<td>9</td>
<td>Clifford Chance</td>
<td>2,488</td>
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<tr>
<td>10</td>
<td>Kings &amp; Wood Mellon</td>
<td>2,287</td>
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</table>

Source: ALM Intelligence

The legal arms of the Big Four range from 2,000 to 1,000 lawyers (see Figure 4). The largest, Deloitte, would rank as the 8th largest legal services provider in the world in terms of total number of lawyers, if counted as a standalone entity. Deloitte’s legal arm is similar in lawyer numbers to Cozen O’Connor and Clifford Chance. However, the Big Four still rank in comparison to the largest law firms. Dentons has nearly three times the number of lawyers as PwC. Baker & McKenzie, the second largest law firm in the world, is nearly twice as large.
How do you innovate?

• Speak to your lawyers
• Start asking questions.
  – What is broken?
  – How can we be more efficient?
  – How can we provide more value to our partners and clients?
• Eventually speak to your clients
  – How can we provide value to you?
People

- Hire the right people
- Retain the right people

New hires
- Use data to hire. Most hires are based on several meetings where the person is trying to make a great impression. You don’t know anything about the person and you hire based on a resume and your gut feelings.
  - We won’t even look at a resume until the candidate takes a quick 5 minute cognitive ability test.
  - Once the person is brought in for initial interviews if we still believe the person is a good fit we give them 2 more tests
    - Motivation Potential Assessment
      - Looks at DRIVERS (Doer, Reward, Inspired, Value, Enjoyment, Relationships, Stay)
    - Personal Characteristics Inventory
      - Full Cognitive Ability test
  - We also have the same set of technical questions we ask every candidate
The best two predictors for success are intelligence and integrity.

Wonderlic
Wonderlic

Summary Report

<table>
<thead>
<tr>
<th>Subscales</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation</td>
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<tr>
<td>Reasoning</td>
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<td>Memory</td>
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<td>Attention &amp; Focus</td>
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<td>Verbal Communication</td>
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<tr>
<td>Numerical Reasoning</td>
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<tr>
<td>Knowledge of People</td>
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<tr>
<td>Logical Reasoning</td>
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<tr>
<td>Spatial Reasoning</td>
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<tr>
<td>Learning Efficiency</td>
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</table>
| Motivation/Potential Assessment: 87%  

FISH
Simulations

Assumptions

The following business assumptions govern:

- [Assumption 1]
- [Assumption 2]
- [Assumption 3]

FISH
OSI Polaris Competency Model

- Card sort for the competencies that you care about for specific positions
- [www.orgsysint.com](http://www.orgsysint.com)
These are the core competencies that we chose as the foundation for our hiring practices with my teams.
Core competencies for the leaders on my teams.

<table>
<thead>
<tr>
<th>Core Competencies for our Leaders</th>
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</thead>
<tbody>
<tr>
<td>Ideal Leadership</td>
</tr>
<tr>
<td>Team Management</td>
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<tr>
<td>Conflict Management</td>
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<tr>
<td>Composure</td>
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<tr>
<td>Talent Development</td>
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<tr>
<td>Delegation</td>
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<tr>
<td>Relationship Building</td>
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<tr>
<td>Organization/Planning</td>
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<tr>
<td>Influence</td>
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<tr>
<td>Mission Focus</td>
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<tr>
<td>Organization Knowledge</td>
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<tr>
<td>Strategic Thinking</td>
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<tr>
<td>Business Thinking</td>
</tr>
</tbody>
</table>

FISH*
Be willing to fail fast

- A project shouldn’t take longer than six months.
- Force your technology teams to learn what DevOps is.
  - Iterate quickly.
  - Collaborate - collect feedback continuously. Log everything.
  - Repeat.

If your project is going to take more than six months... it isn’t innovative.

DevOps is a buzz word. There are core ideas that are important in DevOps though. Force your teams to collaborate and get along.
I have members from Litigation, Patent, Accounting, and Marketing that participate fully on my teams.
Just a reminder... you can’t keep doing the same thing you’ve been doing.
Why build an Innovation Team?

Pull your best and brightest out of your teams and give the opportunity to create, and build new ideas that provide value for your firm and your clients.

Let the rest of the teams keep the lights on and work on the plumbing. From an IT Perspective, one way to do that is to move more of your applications up into the cloud and let someone else manage the plumbing for you.

Exchange
DMS
Good books to read

- Great at Work – Morten Hansen
- Mapping Innovation – Greg Satell
- Law is a Buyer’s Market – Jordan Furlong
- Kill the Company – Lisa Bodell
- Drive – Daniel Pink
- A Whole New Mind – Daniel Pink
- The Lean Product Playbook – Dan Olsen
- Activator – Brandon Gillespie
- The Next IQ – Arin Reeves
- Shell Scripting – Jason Cannon
- HR from the Outside In – Dave Ulrich
- Statistics in Plain English – Timothy Urdan
- The Compassionate Geek – Don Crawley
- The Checklist Manifesto – Atul Gawande
- Linchpin – Seth Goden
- Drop the Ball – Tiffany Dufu
- Leading the Transformation
  Applying Agile and DevOps Principles at Scale – Gary Grover
- The 4 Lenses of Innovation – Rowan Gibson
- Lean Enterprise
  Innovate at Scale – Jez Humble
- Effective DevOps – Jennifer Davis
- The Phoenix Project – Gene Kim
Thank you
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