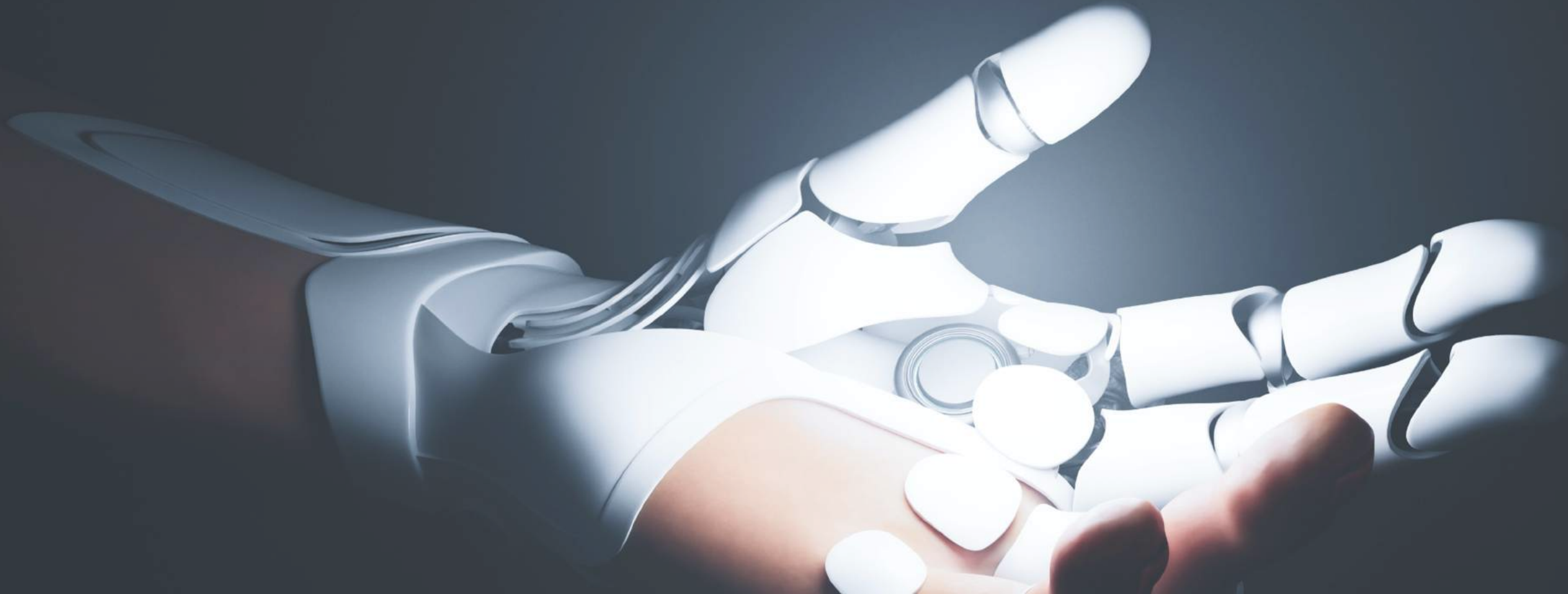# THE 21ST CENTURY LAW FIRM

THOUGHT LEADERSHIP ON THE FUTURE OF LEGAL SERVICES

2021 REPORT

NEWLAW ACADEMY

"

I predict that lawyers who are unwilling to change their working practices and extend their range of services will, in the coming decade, struggle to survive... a lawyer involved in routine work can expect to be replaced by a cheaper alternative.

"

RICHARD SUSSKIND,
THE END OF LAWYERS?

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THE CURRENT STATE OF THE LEGAL INDUSTRY

A recent survey[1] of 154 companies found that more than one in four company lawyers cannot name a law firm they regard as innovative. In addition, only 15 percent viewed law firms as innovating in the technology space. It's no surprise that traditional law firms have been slow to adopt emerging technologies and drive innovation.

The legal services industry has been built on the foundations of processes, rules and most of all, precedents. This requires that one looks backwards to what came before, rather than forward. There's no precedent for what's coming. Processes and rules serve a purpose - to help people deliver on an existing, profitable and repeatable business model - but they don't support speed and experimentation, a key pillar underpinning innovation.

The way that legal services are delivered is fast changing due to advances in technology and business model innovation. This is resulting in a gradual shift towards affordable, standardised services and efficiencies in how law firms deliver services.

While it's clear that traditional law firms need to move away from 'old law' and start to embrace the 'new law' rhetoric with action, not just words, in order to stay relevant and competitive, few firms are making sense of all the noise and responding in a meaningful way.

IN THIS REPORT

We surveyed 15 thought leaders on the changing legal industry, emerging technologies impacting the sector, factors holding law firms back and what the future lawyer looks like.

[1] https://www.afr.com/companies/professional-services/innovation-not-at-my-law-firm-complain-corporate-clients-20180221-h0wfy3#ixzz57sXI91OC

KEY FINDINGS

The most valuable skills lawyers need in the future.

Top three skills identified by respondents.

Creative Problem Solving **93%**

Customer/Client Experience **87%**

Technological Understanding **80%**

45%

Respondents believe the legal industry is below average in openness to adopting legal tech.

We asked survey respondents to provide a score of 1-10 of how true they think the following statement is (with 10 being the highest):

The legal industry is open to and is enthusiastically adopting legal tech.

0   5.5   10

Average respondent score

THE LEGAL INDUSTRY IN FIVE YEARS

Our respondents shared their thoughts on the future state of the legal industry.

KEY TAKEAWAYS

- Law firms will focus on freeing up time of lawyers to make space for higher value activities
- There will be an increase in legal technology investment
- The most adaptive law firms will thrive
- Law firms will no longer be the one stop shop for legal work

"Legal service providers who have been early adopters of automation and disruptive technologies and new 'ways of working' will be efficient operators in this space, whereas those who have been more reluctant to embrace the change will find it difficult to meet client demands and expectations and change internal mindsets.
Caryn Sandler, Gilbert + Tobin

"Regulatory changes will make it easier for companies to offer services directly to consumers. As a result, there will be increased investment in legal tech.
Camila Lopez, People Clerk

"The only constant these days is change, and it'll be the most adaptive firms – those with their eyes open – who will thrive.
Gareth Dixon, Shelston IP

EMERGING TECHNOLOGY TO LOOK OUT FOR

Our respondents identified the technologies they are most excited by in the legal industry.

TOP EMERGING TECHNOLOGY

- Artificial Intelligence (AI)
- Robotic Process Automation (RPA)
- No Code process automation
- Smart Contracts

> "Artificial intelligence (AI): AI tools, particularly in drafting assistants powered by machine learning based recommendation engines, which will empower lawyers to respond to counterparty amendments faster and in a highly data-informed way.
> **Giles Thompson, Avvoka**

> "Some of the work around AI that leverages IBM's Watson (amongst others) is very exciting. It has the potential to help provide access to the law, improve quality of work as well as cutting inefficiencies.
> **Tim Griffin, Seyfarth Shaw**

> "No code / low code platforms - because subject matter experts, like lawyers, can automate much of their businesses.
> **Michael Lees, Attorney-General's Chambers**

FACTORS HOLDING LAW FIRMS BACK FROM INNOVATING

Our respondents shared the reasons why law firms are struggling to innovate.

TOP FACTORS PREVENTING LAW FIRMS FROM INNOVATING

🕐 Lack of time provided to focus on innovation

🧩 Lack of diverse talent and experts in legal innovation

$ Limited budget available/provided to spend on innovation

⚠️ Risk averse culture and 'fear of change' mindset

> " Time, coupled with no compelling need to change, continue as core barriers to real innovation breakthrough.
> **Penelope Barr, Allens Linklaters**

> " Change can also represent an existential threat to identity, legitimacy or locus of control, and provoke emotional defensive reactions.
> **Maya Markovich, NextLaw Labs**

> " Professional fear of failure. Legal professionals are trained to identify and mitigate risk. The feel like they are expected to know all the answers so there is a fear of the unknown and of failing. This means the culture and core skills of law firms often discourage radical ideas.
> **Jonathan Patterson, DWF**

THE FUTURE LAWYER

Our respondents highlighted the characteristics of the future lawyer.

TOP CHARACTERISTICS OF THE FUTURE LAWYER

- Client-centric mindset
- Trusted Advisor – more than just a lawyer
- Diverse Skillset
- Ability to win business no matter what level in the law firm

> " Lawyers who understand that legal expertise is only one facet of the services they provide, and that they are no longer the only game in town, are more likely to grasp the necessity of finding new business processes and ways to deliver value to clients in a rapidly shifting marketplace.
> **Maya Markovich, NextLaw Labs**

> " Lawyers of the future will have to win business to continue to be employed.
> **Gerald Nguyen, Steptoe & Johnson**

> " Lawyers will work alongside individuals with diverse skillsets in technology, project management etc to deliver legal work to clients.
> **Caryn Sandler, Gilbert + Tobin**

"

The classic image of a lawyer is one whose expertise was based on prior knowledge and experience, plus what he or she could learn from researching books in a law library. Increasingly, a lawyer's expertise will be based on prior knowledge and experience plus what the lawyer can train a computer to do.

"

THOUGHT LEADERS

We gathered detailed responses from 15 thought leaders on the changing legal industry, emerging technologies impacting the sector, factors holding law firms back and what the future lawyer looks like.

PENELOPE BARR
HEAD OF LEGALTECH PRODUCT LAB, ALLENS LINKLATERS

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

Like many industries before it, law is undergoing a transformation. Clients are seeking more from their service providers and are increasingly curious, cost-conscious and requesting more transparency around value-based outcomes. Technology is a key enabler of this transformation. The next 5 years will see the beginnings of substantive change, with legaltech playing a greater role in a lawyer's kitbag, alleviating time and making space for higher order activities. Legaltech may be a component of a firm's technology offering; or delivered via standalone startups or in partnership with big law or inhouse teams. Lawyer and client experience will improve because repetitive, burdensome processes are increasingly being automated; meaning lawyers can devote more of their energies to their client issues.

Legislation around computing will increase, driven by the risk equations society is asking lawyers to be part of. Until fairly recently, technology has been moving faster than law and laws have been having to catch up to progresses and use cases of technology, ai in everyday; or data usage etc. In 5 years, the legal industry will have had more time (and need) to step in and start leading the conversation on what technology can do and should do. Increasingly, lawyers will be seen as society's check and balance on tech dos and don'ts and help clarify the current grey on data, privacy, ownership questions.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

I'm energised by the potential I'm seeing in legaltech startups. In 2020, I founded Auctus-Allens Legaltech Accelerator. We had 126 global legaltech startups apply around two problem areas. I was impressed by the number, the breadth of ideas and scope of the change that's impacting law in a relatively short time. It feels like a groundswell of change is happening, with some legaltech players offering real opportunities for firms to augment their client offerings or become more productive internally. Cloud, data management, security requirements, privacy management all remain as barriers but none of these are insurmountable; just areas for awareness and development.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Time, coupled with no compelling need to change, continue as core barriers to real innovation breakthrough. Most lawyers in law firms are busy. Could they also be more effective and productive, especially if they were more open to the importance of learning and using innovative tools and techniques?

The innovator's dilemma is at play in some law firms – the constant decision-making juggle of spending time on current client demands or taking time out to learn and integrate new innovation tools and techniques that will, in general, support future needs. This can be illustrated by the following short story –"A wood chopper was busy cutting down a tree. The work was hard and he was making slow progress. A child walked by and said, 'Hello, your axe looks blunt. I could go to my house and ask my father to help you sharpen it?' The woodchopper said 'I'm too busy to stop, I need to fell this tree by nightfall' He kept chopping, for a long time, getting very tired."

Do we have the right tools for the job, in the best conditions?
Do we know where to go for help?

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

As we've seen other industries evolve, so too I'm hopeful we'll see the future lawyer evolve into one where the fundamental building blocks of substantive IQ and legal expertise are supported by growing EQ, to enable greater cross-pollination of ideas and skill-sharing across a firm; CX for more effective engagement with clients, to help clients see around corners; and TX (technology experience and new ways of working awareness) meaning lawyers reflect on better ways to define and deliver value; and work on higher order goals. More Future lawyers may freelance, connecting globally on areas of expertise; connecting with clients on the basis of their own consulting skills and reputation rather than a firm's.
If we think about what's happened in other industries, the path law is currently following to better manage today's technology challenges isn't that different to other points in history. Future lawyers will be doing for an exciting technology environment of seemingly endless possibility, what lawyers in the past did in enabling fairer conditions as the world rushed to industrialise. Lawyers helped provide governance and guidance on child safety laws and compliance in factories as the world rushed to advance; and the future lawyer will be called on to do the same on issues such as accountability around ai 'errors, accidents, bias'; or data leakage; cyber crime; the value or privacy and how to protect it etc.

Technologists are not necessarily going to stop themselves, it's up to the rest of society to place limits on what can and cannot be done and what we is deemed acceptable risk in an everyday equation. Lawyers are the arbiters of these guidelines and governance; of what's 'right' or 'more right'. In order to occupy this role, however, lawyers need to augment their foundational skills with greater digital and technology awareness; and support their expertise with a greater breadth of business, communication, analysis and commercial skills. The role of the future lawyer is going to be really important in keeping abreast of the changing digital and technology landscape.

GILES THOMPSON
HEAD OF GROWTH, AVVOKA

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

The legal industry will have passed an inflexion point, with most private practitioners, in-house legal functions and alternative legal services providers deep into their digital transformation process. The signs of digital transformation will be most pronounced with in-house legal functions due to their pronounced trend of being demanded to do "ever more with less". The key technologies that will be being used to augment legal services will be contract and process automation tools and ever more advanced contract review/drafting and e-discovery tools powered by machine learning.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Artificial intelligence (AI): AI tools, particularly in drafting assistants powered by machine learning based recommendation engines, which will empower lawyers to respond to counterparty amendments faster and in a highly data-informed way. This is hugely exciting as junior lawyers will be empowered to manage high-value negotiations much earlier in their careers, with the benefit of these tools.

Structured contractual data protocols: More effective data analysis of structured contract portfolios will enable organisations to improve their deal completion efficiency by spotting the common negotiation bottlenecks within standard documents that cause the negotiation friction that kills or delays deals so that these can be removed. In addition, by capturing and analysing data about document negotiations, lawyers can intelligently alter existing standard processes to strategically playbook and smoothen their negotiations and stock responses going forward.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

A key thing holding firms back is the idea that if legal processes are automated, junior lawyers won't learn. However, we argue that the process of automating contracts can enhance understanding. You can't automate what you don't fully understand.

Another key objection is time. We often hear: "We don't have the time to learn a coding language or build an expert team". However, nowadays, many legal technologies are entirely no code, so a dedicated team isn't necessary, and a shallow learning curve means that lawyers can be technological disrupters themselves; it doesn't need to be outsourced.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

A future lawyer combines the existing prerequisites of excellent client service, knowledge of the legal mechanics in their area of focus and attention to detail with technological understanding. However, the fundamental role of a lawyer will never change. A lawyer will always be an empathiser who anticipates client wants and needs and presents complex information to clients in a concise, relevant and clear way.

To achieve this, future lawyers will need to be technology literate and embrace it in their day to day work, whether it be automating contracts or streamlining their contract management process.

The legal industry is open to and enthusiastically adopting legal tech.

CARYN SANDLER
PARTNER, CHIEF KNOWLEDGE AND INNOVATION OFFICER, GILBERT + TOBIN

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

Innovation and transformation offerings mainstream - It will be standard for law firms and legal service providers to have innovation and transformation offerings, but they will vary significantly in terms of capability. Legal service providers who have been early adopters of automation and disruptive technologies and new 'ways of working' will be efficient operators in this space, whereas those who have been more reluctant to embrace the change will find it difficult to meet client demands and expectations and change internal mindsets.

Personalised client delivery - Clients will expect a more personalised client experience with respect to workflows, engagements, and the delivery of legal advice. Increased access to, and smart use of, data will make this achievable.

More prolific use of legal technology by in-house teams - Increasing focus by in-house teams on efficiency and delivering timely and accurate legal advice to the business will drive the adoption of technology in -house. This will grow the capacity of in-house teams to keep work in-house, further increasing the need of firms to differentiate their offering to win the work that makes its way to an external legal service provider.

Competition for talent - Legal service providers will be competing for talent as much as they will be competing for the work. Legal service providers will need to focus on their internal policies, culture and 'ways of working' to win and retain talent as much as they focus on business development to win work.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Improvements in natural language processing and large language models (such as GPT- 3) creates exciting opportunities to increase the range of use-cases for AI in legal. AI-assisted document drafting and contract review can help streamline legal service delivery, including reviewing or marking up a contract against a customised playbook, and reflecting risk appetite and internal policies for legal sign-off within workflows. Robotic Process Automation (RPA) is creating exciting opportunities for legal professionals to act as citizen developers within their organisations. RPA can be used to create both very simple and very complex process automations, and it is this flexibility that creates so much value for users. There are low barriers to use and it is easy to scale depending on the size of the legal service provider / in -house team, making RPA an attractive option for legal teams of all sizes.

Systems such as matter management and contract lifecycle management tools are transforming how in-house teams are working, rapidly increasing capacity for in-house teams to focus on high-value legal work. The integrations available within these platforms allow in-house teams to connect them with other systems already in use, allowing organisations to create seamless workflows that touch multiple parts of the business. This transforms how the legal function is viewed within the business and increases their capacity to operate as strategic advisors.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Providing high quality legal advice remains the top priority for lawyers and finding the time and energy in between business-as-usual activities to focus on continuous improvement is one of the biggest barriers to innovating. Even firms with strong capabilities in the innovation and transformation space will be hindered by a lack of capacity amongst their lawyers to help develop new tools or test and adopt new technologies or 'ways of working'. Effective innovation also requires creativity, and it is difficult to enter a creative mindset in the fast-paced transactional environment which is common in law firms. Providing lawyers with the time and headspace to think creatively will be critical but a challenge.

A lack of talent in the legal innovation and transformation space also remains a barrier. As a new and emerging area, there is a shortage of people with the right skillsets and experience to help bring about innovation within law firms. Increased training and development opportunities for individuals with an interest and natural ability in this space is required to foster talent.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

The future lawyer most importantly has a growth mindset (as opposed to a fixed mindset) and is open to new 'ways of working' and experimentation. They are aware that their competencies will be assessed against varied criteria as opposed to just their legal skills – however, it should be noted that strong legal skills will be even more important than ever as technology is capable of automating routine and more basic legal tasks. Lawyer competency models now incorporate skills such as project management, technology, design thinking, change management, and the business of law, and future lawyers will work towards and be assessed against these competencies.

Legal Design will be prominent for the future lawyer as they understand that legal systems and processes are the result of design (whether conscious or unconscious) and they will appreciate how they can use design principles to create good work products, systems, processes and experiences for everyone.

Lawyers will work alongside individuals with diverse skillsets in technology, project management etc to deliver legal work to clients.

BRIAN TANG
FOUNDING EXECUTIVE DIRECTOR, LAW, INNOVATION, TECHNOLOGY & ENTREPRENEURSHIP LAB, THE UNIVERSITY OF HONG KONG

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

In the coming years, I see various providers of legal services continuing to advance in their respective lawtech journeys at different paces. Amongst law firms, some will introduce differentiated tech-based product offerings aiming to provide client stickiness in a way that does not cannibalise their existing service offerings. Others will focus more on behind-the-scenes productivity tools that allow for better output of their fee earners.

Amongst legal and compliance departments, many more will be embracing more lawtech tools to "do more with less" as their own internal clients become more tech savvy after their work-from-home experiences during COVID-19. This in turn should impact law firm service offerings.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

I am actually most excited by the rise of no code/low code technologies that assist with document automation and workflow process. These technologies are already being used in many other corporate and commercial contexts, and in the case of legal services, puts more of the power in the hands of lawyers (private practice and in-house) and even law students. Legal professionals are much more comfortable using logic and rules-based systems to apply their domain knowledge to aspects of legal services that can be automated for efficiency and access, leaving critical thinking and judgment calls to the human legal professionals. In this case, lawyers do not really need to code (unless the definition of "coding" is broadened). The ease of use should allow for inclusive creation of lawtech tools by non-legal professionals (with the guidance of licensed legal professionals) that can be audited for accuracy. More importantly, more creators means that such no code/low code tools can also assist with access to justice for those who are not otherwise be well served by the legal and justice system.

At LITE Lab@HKU, we are already actively engaging with this approach with our law and other students co-designing and creating proof-of-concepts for real-world problem statements and pain points with legal departments, law firms, NGOs and startups, and are honoured to be the only university initiative nominated for the inaugural FT Innovative Lawyer's Collaborative Innovation Award.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Legal futurist Richard Suskind says it well: "It is tough to tell a room of millionaires that their business model does not work."

In jurisdictions where regulation of the provision of legal services is being liberalised, newer business models, higher investment levels and increased competition should drive more law firm innovation.

In other more traditionally regulated jurisdictions, market forces should gradually change practices as more legal department clients seek changes in legal service delivery, especially for the multinational clients who have experienced alternative legal service offerings in the more liberal jurisdictions, and learn what is possible.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

Our LITE Lab@HKU is part of an emerging pedagogical approach of creating law school technology-orientated "learning by doing" experiential labs, and LITE Lab is an acronym for Law, Innovation, Technology and Entrepreneurship at The University of Hong Kong's Faculty of Law. Law labs have a variety of approaches and emphasis, and we are increasing working together to create global communities of practice through our Law Lab Collab to better future-proof our legal professionals and inclusively grow legal service delivery.

While there are a few models on being a successful 21st century legal professional, I believe that, like other knowledge-based professionals such as doctors, legal professionals essentially need to three mindsets and skillsets to succeed in the technology age:
(1) Client-centric mindset to improve the lawyer's value proposition;
(2) Process-conscious mindset to improve operational efficiency; and
(3) Technology-friendly mindset to improve domain expertise.

To this end, ACMI and LITE Lab@HKU organised Hong Kong's first lawtech and regtech hackathons to give legal practitioners first-hand and often first-time experience with these mindsets and skillsets, and have plans for more in the future when COVID-19 concerns subside.

GERALD NGUYEN
DIRECTOR IT INNOVATION & ARCHITECTURE, STEPTOE & JOHNSON LLP

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

The differentiators between firms are getting smaller and the offerings more commoditized. AI/ML/Data Analytics will continue to drive that commoditization. At the same, clients are starting to use reverse auction tools to drive down price between their final options. In the end, the legal services providers (in house vs. law firm vs. alternative legal services) with the best combination of price and trusted outcome will win out. I am interested to see how the legal services supply chain changes in the next 5 years. I envision:
1. The rise of alternative legal services providers (ALSP) establishing efficient, cost-effective, and predictable results in their specific contexts.
2. Law firm's no longer being the 1 stop shop for all of legal work.
3. In-house legal teams using data analytics to determine what combination of in-house skills, ALSPs, and Law firm services provide them with their desired outcomes and the right price.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

I look at emerging technologies in 2 different buckets, in how they impact: 1) the practice of law and 2) the business of law. AI/ML based automation combined with no-code client portal development impacts both sides. This set of technology can be used to capture attorney knowledge and make it instantly accessible for the client. It changes the way the lawyers practice law, and we would be billing for access to the service rather than by hours, which impacts the business of law.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Time, budget, and risk. I think that a lot of priority has been set around security and information/data governance. At the same time, larger/older firms are holding onto traditional ways of doing business and are only getting dragged forward when necessitated. "In terms of emerging technology, Law Firms all want to be first…. at being second." They want to see that it is impactful before they adopt it themselves.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

Lawyers of the future will have to win business to continue to be employed. A lot of the technical expertise can be backed up by the IT/Practice Support teams. Trust is the driving force in these relationships:
Will the lawyer be able to deliver the outcome we want?
Do we trust in their approach and strategy?

The future lawyer will also be more focused on the client experience. This is primarily between the Firm's team and the primary contacts with the client, but can extend into every touch point between the two companies (IT, Extranets, Billing and A/P, etc). We need to make it as easy as possible to work with us.

TIM GRIFFIN

DIRECTOR, INTERNATIONAL MARKETING + BUSINESS DEVELOPMENT, SEYFARTH SHAW

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

I don't see across the broad disruptive innovation in the legal industry. It will largely be the same in five years which isn't a headline grabbing quote but I think it is accurate. Change tends to happen slowly even when it is necessary so while there will be improvements made and different offerings I don't see it fundamentally changing in that time frame. Certainly in the longer term there will be bigger changes and some areas of the industry will be affected in that 5 year timeframe. I do see in the future that jurisdictional speciality will be less than what it is today.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

There are potentially so many but some of the work around AI that leverages IBM's Watson (amongst others) is very exciting. It has the potential to help provide access to the law, improve quality of work as well as cutting inefficiencies.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Accepting that the statement is true for a moment, primarily it is the relative success of law firms holding back innovation. When combined with the prevalent partnership model that tends to distribute its profits, it is perhaps relatively easy to think that firms are not innovating. Taking a slightly different perspective, many firms are indeed innovating but it is often evolutionary rather than revolutionary.

Seyfarth has a hard-won reputation for innovation and while some of our innovations are headline grabbing, it is also ingrained in the culture. Innovation has been a focus in particular for the past 10 years through its advanced service delivery which began with the adoption of Lean and Six-sigma methodologies. That said, most of the innovation is not headline grabbing, although it does benefit our clients.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

The future lawyer is more readily able to work with other professionals and technology. The potential mistake will be that the future lawyer tries to be all things to all people.

CAMILA LOPEZ
CO-FOUNDER, PEOPLE CLERK

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

We will continue to see changes in legal regulations such as legal innovation sandboxes like the ones we are seeing today in Utah, Arizona, and California. These regulatory changes will make it easier for companies to offer services directly to consumers. As a result, there will be increased investment in legal tech.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Although I think machine learning and AI are still in their infancy for the legal market, I'm very excited about the potential impact. Artificial intelligence can help consumers understand their legal problems, create legal documents, and offer high-level customer service at a fraction of the cost. New technologies such as GPT-3 are an indication of what is quickly coming.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Regulation: The current regulations make it difficult for law firms to get outside investment. Without outside investment, it is very hard to hire and incentivize engineering talent. Without quality engineering talent it is costly to innovate.

Themselves: Lawyers are not innovating because they currently feel they don't have to innovate as it takes more time and money for a lawyer to adapt to new technologies. Lawyers are not looking forward to the future but are stuck with the status quo. Innovation is moving fast and once lawyers realize they should have been innovating, it will be too late.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

The future lawyer will be extremely customer-centric, after all, the law is a service industry. Lawyers will achieve being customer-centric by implementing technology in their law practice. First, with technology, lawyers will be able to reduce their costs. The lawyers not implementing technology will charge more, as a result, customers will go to the lawyers that are reducing costs.

Second, lawyers will be able to communicate better with their clients as they will be able to scale their communications with technology. Clients want more visibility on what is going on with their legal problem and technology will help with this.

ERIC DECHANT
LEGAL ENGINEER, XMENTIUM

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

In 2026 there will likely be more states that follow Utah and Arizona in allowing more diverse ownership and management of law firms. Along the way there may be some accusations of law practice without a license, but overall the trends will point towards more efficient delivery of legal services. The top echelon of law firms and the legal departments of the big 4 accounting firms will grow in size and revenue, while buying and developing software and automation capabilities. Some firms will sell automated, low-touch legal services to a wider audience, some firms will keep their efficiencies in-house for their own benefit. I expect much duplication of similar platforms as firms have difficulties separating their valuable organizational knowledge from the platforms they build. The total number of law firms will be lower, and the average number of lawyers per firm will increase. I expect this industry consolidation to mirror that of both the pre-WW II American automotive industry and farming/agribusiness.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

What most excites me right now is the emergence of no code/low code process automation and AI/ML-leveraging software platforms. The legaltech industry has progressed and we can start to apply what we're learning to powerful and reliable Expert Knowledge Tools (EKTs) and Robotic Process Automation (RPA). We're moving past the initial excitement of "brute force" AI (throw enough data at the algorithm and it will magically work) and maturing into platforms that can look at both past activity via document analysis and also process monitoring where the machines watch how professionals work and discern business intelligence from the observations.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

1. A flat hierarchy of management where groups of partners must agree on a course of action that likely increases risk and decreases this year's per-partner revenue.

2. A lack of success metrics that make comparisons difficult between old and new methods.

3. The long-term drift of law school curriculums away from practice knowledge and towards philosophy and law in the abstract.

4. Lack of diversity in both the law firms currently and the law schools that feed them.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

In an ideal world? We move away from the single-accreditation model of American lawyers and towards that of modern medicine (with M.D.s, P.A.s, registered nurses, etc.) and European law practice, with bachelor's degrees in law, along with accreditation as "Barristers" or "Solicitors", along with Legal Engineers.

Future lawyers should have training in project management, risk assessment, business, data analytics, design thinking and technological implementation. Simply put, the vast majority of J.D. programs in the U.S. do not teach future lawyers what they need to know, and students from lower-ranked law schools will encounter increasing difficulty securing gainful employment

JONATHAN PATTERSON
MANAGING DIRECTOR (INNOVATION & VENTURE), DWF

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

Predicating the pace of change 5 years ahead is rarely accurate but directionally I think we will see a shift from a largely singular business model for legal services (expert led, time based human service) to a mix of four main business models.

1. The legal advisory model will still be prevalent with expert human lawyers providing strategic advice, but it will likely be augmented by increased use of technology in delivery and more certainty in pricing. This won't necessarily just be traditional law firms but also a mix of platforms providing flexible 'gig economy' legal expertise. Senior advisory lawyers will be operate in specialist teams based around clients and industries rather than generalist 'black letter' practice areas.

2. New products and services will emerge that provide legal solutions without requiring traditional legal expertise - for example risk management consulting, data insight services. (like DWF's Connected Services)

3. The ALSP model will be the dominant provider for the delivery of every day legal work – e.g. contract management, transaction support, real estate asset management, employment agreements etc.

4. The most basic of legal activities will be completed via self-service models integrated into business processes. Digital applications and platforms that combine knowledge, data and technology will make it easier for business users to complete some tasks without needing to consult or outsource to one of the other 3 models.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

1. Platform technologies are really exciting even though adoption in legal has so far been slow or unsuccessful. As we have seen in other industries, if a combination of technologies can be found that enable a legal services provider to de-couple ownership of expensive assets with delivery of services, this feels like the big innovation breakthrough. These technologies if they can generate a network effect will allow new providers not just enter the market but also scale quickly ad compete with conventional service providers.

2. Digital data technologies also open up new opportunities. So far, they have been mostly used by legal service providers to make production more efficient but they offer so much more. I would love to see the legal services equivalent of John Deere who have shifted from a traditional manufacturer of farming equipment to being a provider of high growth digital farm management services by utilising digital data technologies.

3. I am still in the unfashionable group that think SMART contracts will have their time. I totally get that there is too much hype in legal about Blockchain with very few tangible examples of meaningful success, but I think the idea of contract clauses connected to live data that can auto update and execute will fundamentally change how some services are delivered if we can get it to work at scale.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

I don't think this has changed much in the 20 years that I have been in the industry. Three barriers continue to impact innovation in most law firms:

1. Complacency that existing business models make good margins and deliver growth. This is fuelled by the fact that most buyers of services still default to traditional models despite being largely dissatisfied.

2. Professional fear of failure. Legal professionals are trained to identify and mitigate risk. The feel like they are expected to know all the answers so there is a fear of the unknown and of failing. This means the culture and core skills of law firms often discourage radical ideas. Law firms still make up the biggest percentage of the market so this risk of failing can override the need for innovation.

3. Investment appetite. Most investments are made in a business model that wants to see in year returns and high profit per equity partner so radical innovation over a lifecycle or investment in a longer term horizon idea is incredibly difficult.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

In some ways I think this is the wrong question as legal services shouldn't just be about lawyers but a hybrid mix of roles and skills. However in a mixed model I would expect qualified lawyers to still have good empathy for clients, deep technical expertise and well-rounded business acumen and commercial skills. Alongside that I think we will see other specialisms including digital and data skills, collaboration, customer experience, technology, knowledge management, consulting expertise and leadership and management skills to name a few, forming key parts of legal services.

I don't expert all these skills to be found in some super charged future lawyer though. It will more likely come from a team of multidisciplinary professionals working together in a team to deliver solutions to the legal elements of business problems and opportunities.

MICHAEL LEES

HEAD OF LEGAL TECHNOLOGY AND INNOVATION, ATTORNEY-GENERAL'S CHAMBERS (SINGAPORE)

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

In five years I believe the industry will have:
- more diversity of operating models
- more free digital services available
- fewer mid-sized firms
- more legally qualified but non practising lawyers
- more industry roles such as legal engineers

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

1. **No code / low code platforms** - because subject matter experts, like lawyers, can automate much of their businesses.

2. **Digital signature technology** - because authentication of content and identity are at the core of the legal industry.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

1. The investment / retirement dilemma in most (not so large) law firms
2. Historical lock-in of the document paradigm
3. The lack of a crisis in the industry

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

Strengths:
- Willing to engage in using (and building) new IT tools and systems
- More demanding of high quality data in IT systems.
- Able to be productive away from office
- Effective in using meeting tools to get legal work done and advocate in court.
- Will seek greater work life balance

Weaknesses:
- Business relationship management
- Info security and privacy awareness
- More reliant on support services (eg. template and process automation) to get work done.

MAYA MARKOVICH
CHIEF GROWTH OFFICER, NEXTLAW LABS

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

Where the traditional firm structure was a pyramid, with a few senior folks, more mid-level people and then a lot of paralegals, new lawyers and administrators at the bottom, this supported the 'apprenticeship model' for many years where younger lawyers are taught and mentored by more senior lawyers and they work their way up the pyramid. With the mainstreaming of legal tech and tools and technologies and the advent of new legal service providers, the corners will get carved off the base of the pyramid, leading eventually to more of a diamond structure, with fewer at the base and a broader middle. The work is not going away, it is just going to be done differently. The net result may be fewer hires into Big Law, but more career paths for those who embrace technology.

The industry structure is also currently a pyramid in terms of number of firms and market share. Law is a fragmented market; the largest firm in the world holds 1% market share, with many small to midsize firms covering distinct markets and practices, often protected by regulatory constraints. The impact of the trends mentioned above will be a movement to more of an hourglass shape as the industry consolidates. As clients shrink panels, law firms will follow to serve them globally, and a "death in the middle" will emerge with diseconomies of scale in the midsize firms, and many small and hyperspecialized firms will target specific geographies or niche areas of law and prosper.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Given the forces of consolidation on both the demand and supply side of legal services, legal tech will similarly consolidate. Many of the nearly 2000 legal tech companies are solving for a specific use case or pain point in a compelling way - which is good and natural at this point of the disruptive cycle. But legal organizations cannot work with hundreds of technology vendors, so legal tech platform providers are beginning to emerge, rolling up the players and addressing service needs across broader legal functions and geographies.

I'm also very excited to see that the opportunities for legal tech streamlining lawyers' repetitive work and enabling increased client centricity are front and center along with tech-enabled access to justice discussions and a push for broad social change. My own commitment to positive impact is why I love this sector - we are on the cutting edge, in legal tech and innovation, there's a lot of room still right now to define and influence its direction.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

Change is daunting because humans often perceive, consciously or otherwise, that it represents an inherent loss of some kind. At minimum it requires significant alteration to one's daily routine, to which some may fear they won't be able to adapt. Change can also represent an existential threat to identity, legitimacy or locus of control, and provoke emotional defensive reactions.

The tradition-rich legal industry even more susceptible to these dynamics because it's designed to stand on precedence, it's not user or client-centric - it's built for lawyers to run as a business. Lawyers also tend to view their work product as bespoke, impossible to replicate or automate, and charge accordingly -- usually by the hour, leading to a productivity paradox that disincentivizes efficiency. Established legal professionals have a strong psychological and economic stake in maintaining the status quo - they've invested years of their lives into these personal and professional structures. As hard as it is for one person to overcome fear of change, we're dealing with an entire industry going through the process simultaneously, with varying levels of acceptance, grief, and motivation to adapt.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

To thrive in the legal industry of the future - and present - lawyers need some foundational literacies like a basic understanding of data science, money management, design thinking, and project management. They also need to develop competency in creativity, flexibility, collaboration, and emotional intelligence. And in order to truly effect change, lawyers with character qualities of resilience, creativity, curiosity, comfort with ambiguity, and a bias to action will have the most impact.

Future lawyers need an understanding of how people think and what motivates them, the ability to bring diverse stakeholders together, and the skillset to deliver more strategic, creative services to clients who will no longer pay for the turn-the-crank work. Lawyers who understand that legal expertise is only one facet of the services they provide, and that they are no longer the only game in town, are more likely to grasp the necessity of finding new business processes and ways to deliver value to clients in a rapidly shifting marketplace. There's a wealth of opportunity (not to mention urgency) to collaborate, scale, productize, and more - once you see the state of the industry clearly.

KEVIN MILLER
CEO, LEGALSIFTER

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

Three basic trends will have accelerated:
1. AI and attorneys are better than either by itself. The market for using AI will have moved from an Innovator market to either an Early Adopter or Early Majority market.
2. More non-lawyers will take a larger stake in the legal industry as states' bars soften in the United States towards non-attorney ownership.
3. More self-service legal products - what the market wants - will have appeared.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

AI does a little thinking, reading, and writing. It's the first technology that gets into the heart of the legal industry's workflow - thinking, reading, and writing. Every time humans introduce technology that gets into the heart of a function's workflow, things get cheaper, faster, and better.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

They have too much demand for their services, and they are able to make a solid living as a result. Not enough pain to change. Unfortunately, many have mistaken client demand for client satisfaction. Easy to make money when demand falls from the sky. Will be interesting to see when the game changes.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

The future lawyer will be adept at integrating technology into their practice. The business model will evolve and they will offer full service, self-service, and partial service solutions.

SATHEES RUTHIRASEELAN
HEAD OF ASIA PACIFIC – LEGAL STRATEGY & COMPLIANCE, CYIENT

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

The legal industry has started evolving to innovate using emerging technologies and new digital innovation to advance the legal framework and establish a robust legal system. Many organisations are looking at how they can advance their legal industry to optimise costs, time, and quality of work and services. Also, the legal industry in five years would be mainly driven by robotic process automation, artificial intelligence (AI) and machine learning through digital platforms and intelligent technologies where it provides good governance and control over the legal framework and processes.

I have starting to see the use of the various digital platforms and intelligent technologies that many organisations have used to automate signatures and produce legal documents, and filing becomes routine in the way we do things. Simultaneously, using artificial intelligence (AI) and machine learning language processing to review or extract provisions will become standard in practice in the next five years and gradually transform the legal industry to adopt emerging technologies and new digital innovation.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

I am most excited by emerging technology that can give organisations and clients more competitive advantages. Traditional law firms are now slowly adopting emerging technologies to improve the productivity. For example, virtual meetings and training, electronics court, social media, compliance filing, electronics billing, and in-house repository document management through cloud-based technology will become a common practice or trend now and in the future in the legal industry.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

There are several reasons holding law firms back from innovation:
1. Investment required for innovation – It is a capital investment that the law firm cannot invest in for long term return.
2. Accuracy of input or output from innovation can be a concern to the law firms until it has been examined against final input and output – it decreases the productivity of law firms until such a time and increases the cost to run or manage the business.
3. Training requirements and willingness to adopt the transformation due to lack of technical understanding of the emerging technologies or new innovated solutions can be a lengthy process.

I have seen many smaller law firms deny investing capital in emerging technologies or new digital platforms as they cannot afford any investment for innovation until such a time due to the size of their organisations. Hence, holding back from innovation become naturally common for small law firms.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

The future lawyer enhances emerging skills that will prepare them to be the best lawyers possible.

Also, the future lawyer constantly adopts to strengthen their technical understanding of emerging technologies, including the digital revolution, where it can improve communication and people management skills to improve the customer/client experience.

MARIA JESUS GONZALEZ-ESPEJO

CEO, INSTITUTO DE INNOVACION LEGAL AND PRESIDENT AT THE INNOVATION IN LAW STUDIES ALLIANCE

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

I see it divided into two types of organizations: those that have understood the changes taking place in the environment and the coming future and have taken steps to adapt to the new demand and those that have not. In 5 years the first group will have teams of professionals equipped with a digital mindset; they will have teams of engineers, UX experts and perhaps professionals from other disciplines or will have reached strategic agreements with technology companies.

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Undoubtedly, artificial intelligence for its potential to improve the quality of legal services and provide them with greater transparency, make the law more computable, avoid errors, provide organizations with information they do not currently have and allow them to make much better informed and intelligent decisions.

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

There are many reasons, but the main ones are possibly lack of time, that it is not a priority, traditional business is not doing badly, laziness and/or fear of something new, resistance to change and lack of knowledge.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

I see a professional who is more empathetic, sympathetic, a good communicator, creative and adaptable to change, because these are all characteristics that "the machine" does not have and that will allow the lawyer who has them to survive. In addition, that lawyer must embrace innovation and technology as both inevitable and exciting.

GARETH DIXON
PARTNER, SHELSTON IP

WHERE DO YOU SEE THE LEGAL INDUSTRY IN 5 YEARS?

I'm in the niche of intellectual property/patent legal industry. We could be anywhere! We have private v public, old law v new law, acquisitions v fragmentation, market share v conflict potential, technology transformation, hybrid working arrangements, COVID hangover, commoditisation, generational change and succession… The only constant these days is change, and it'll be the most adaptive firms – those with their eyes open – who will thrive. Let's make damn sure we're one of them!

WHICH EMERGING TECHNOLOGIES ARE YOU MOST EXCITED BY AND WHY?

Cleantech interests me the most. As a chemist in my former life, I can understand it. Virology and vaccines should probably top the list, but it's all a bit over my head. From a work perspective, COVID's only silver lining has been the (forced) rapid adoption of videotelephony, which is better than I'd feared, but could still use some improvements (or is it just the NBN failing me?).

WHAT IS CURRENTLY HOLDING LAW FIRMS BACK FROM INNOVATING?

I'd suggest there are still some old school attitudes pervading (and often influencing/dominating) the industry. Still, people who would swear and declare they could never move on from paper files are now working electronically – and so the tide is definitely turning I think. Because of the nature of what we do, I don't think the legal industry is quite as ripe for disruption as some may think – and "innovation" is definitely a relative term.

WHAT DOES THE FUTURE LAWYER LOOK LIKE?

Let's start with what a future legal professional doesn't look like. They're not (exclusively) a middle aged straight monolingual Caucasian male with greying hair and a network of mates dating back to their private school days. Those days are long gone (I hope).

The future lawyer is a little bit of everyone and everything – diverse, included, empowered, worldly and confident. That's the sort of industry I want to be part of, and acknowledging the work of many to this end, I think things are starting to move nicely in that direction.

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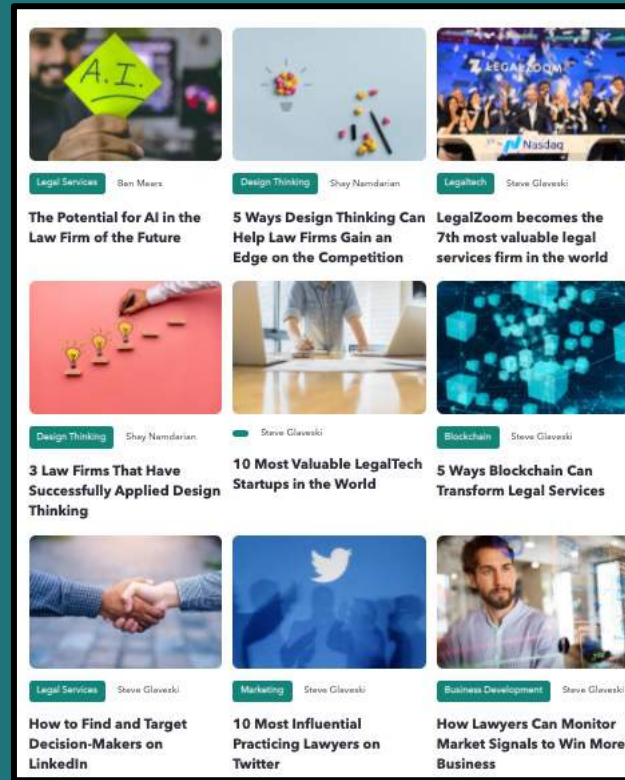
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