

TALKING POINTS: President Robert Bourns contribution to the panel on *"the future of the legal profession: challenges and new work niches - A.I."*

OVERVIEW

- Firms will be successful provided that they **demonstrate value**, as defined by their clients, delivering advice and support in the way that clients recognise as useful. We know that lawyers are innovators, they are responding to changes in a highly competitive legal services market.
- I do not accept that we are without any decision making capacity as we employ and use artificial intelligence in our practice and work.
- Notwithstanding the challenges, as practitioners we still have choices and self-determination to set the future of our firms: **where we practice, the nature of our work and who our clients will be.**
- Firms should always focus on the client and identify:
 - What their clients need today
 - What will their clients need in the future
 - How their current and prospective clients buy legal services which will help them to plan and adapt for the future.

- Firms that are unsuccessful usually have failed to anticipate changes affecting or driven by clients (themselves operating in a changing environment) and those they employ.

OPPORTUNITIES AND NEW WORK NICHES

The use of artificial intelligence and technology has brought opportunities for firms.

Our research showed that technology is:

- Enabling **solicitors to become more efficient** at some procedural work which can be commoditised.
- **Reducing costs** by using technology – including artificial intelligence systems.
- Supporting **changes to client purchasing decision-making**.

We have seen this in the following settings:

- **Small firms** are a positive example on using technological innovation to improve their practice and client offer. Innovations based on technology, including ‘virtual firms’, may help to future-proof small firms as the costs of entry and practice could be lower. Their physical presence becomes irrelevant as they are linked to a central hub and to each other. The hub deals with regulation and administration. Mergers and bulking up to support investment in technology may not be necessary. However in

every case, it is a matter of focus on client type and correctly categorising the nature of the service you provide. advising/complex/strategic or commoditised/volume.

- This approach has encouraged smaller full service law firms to become more specialist and develop a **niche practices**. Niche firms have identified an opportunity to service a particular market more competitively than larger more broad-based firm by specialising in a certain field. They often tend to be market leaders in their fields, possessing clarity about what the firm does and projecting a lucid brand message. Specialising in one particular area can bring both the perception and the reality of greater expertise and may mitigate the cost of practice and alter some competitive disadvantages. This approach has enabled firms to **advise beyond black letter law**, such as Business and Human Rights - through which practitioners act as trusted advisers of the client and not only dispense legal advice.
- This focus could bring additional risk if the market changes adversely, but almost one third of smaller firms in England and Wales say that over 90 % of **their work is targeted into a single area of law**. A consumer poll confirmed that consumers are increasingly aware of the importance of specialised knowledge and actively seek it – **60% of those responding said that specialised knowledge is the most important factor when identifying a lawyer**.

WIDESPREAD USE

- Technology is already playing a facilitative role helping law firms achieve productivity-driven growth by increasing accuracy, saving time and driving efficiencies. This has been the case in larger firms that provide business to business services.

- Research published last year also shows that *“the major law firms that publicly acknowledge making use of artificial intelligence (AI)-driven systems is now at least 22”*:
 - 9 based in the US
 - 9 based in the UK
 - 1 based in Europe
 - 2 based in Canada
 - 1 with international headquarters (Dentons)

- The types of firms taking up AI are mostly large commercial firms [such as Dentons, DLA Piper, Reed Smith, Clifford Chance, Macfarlanes and Davies (in Canada)] but there are also some medium firms.

- In the past decade we have seen an increase in the use of machine learning and artificial intelligence in firms and by practitioners. For example:
 - **KIRA:** is a software tool for identifying relevant information from contracts. It has a pre-built machine learning model for common contract review tasks such as due diligence and general commercial compliance.
 - **Technology-assisted review (TAR) – ThoughtRiver:** This mechanism is used in litigation for electronic disclosure in many jurisdictions, including England and Wales, the US and Ireland. In the US it has been used since 2012, in Ireland since 2015 but in the UK its use was only accepted by the courts this year. [In the case of *Pyrrho Investments Ltd and another v MWB Property Ltd* the High Court accepted the use of predictive coding in electronic disclosure for the first time. Master Matthews listed a number of reasons that predictive coding was beneficial and highlighted was that *“there will be greater consistency in using the computer to apply the approach of a senior lawyer towards the initial sample (as refined) to the whole document set, than in using dozens, perhaps hundreds, of lower-grade fee-earners, each seeking independently to apply the relevant criteria in relation to individual document.”*]

- **Predictive technology:** Hodge Jones & Allen partnered with University College London to devise a predictive analytics system to assess the merits of personal injury cases. The firm is still working on improving the model.

CONCLUSION

In conclusion, I am confident that there is significant opportunity for the future.

- Firms will be successful if they focus on the relationships with clients, understand their current and future definition of value, the skills required of those working with them and the environment in which we all live and work.
- Artificial Intelligence is serving the profession and solicitors, firms and the justice system are embracing technology to improve and grow. This does not mean that solicitors are being replaced by technology – for example, many clients (including in-house lawyers) still rely on major law firms for their complex and specialised legal issues and are willing to pay the higher premium for these, despite the fact that technological solutions are available to address some of these complex legal issues, at a much lower cost and with greater accuracy.

FINAL

- Solicitors are innovators, they are responding to changes in a highly competitive legal services market – they will continue to demonstrate value to clients.

- Thank you