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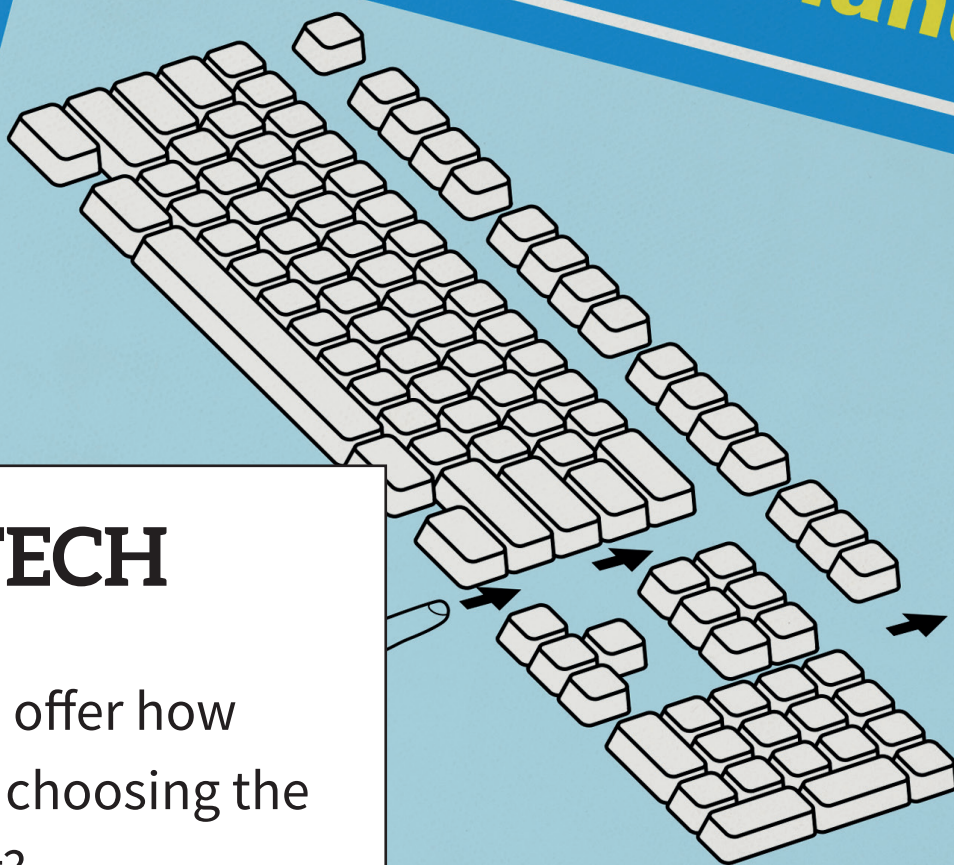
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- ☐ Automating work
- ☐ Streamlining operations
- ☐ Tracking data

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GC readers' Manual



LEGAL TECH

With so much on offer how
are general counsel choosing the
right kit?

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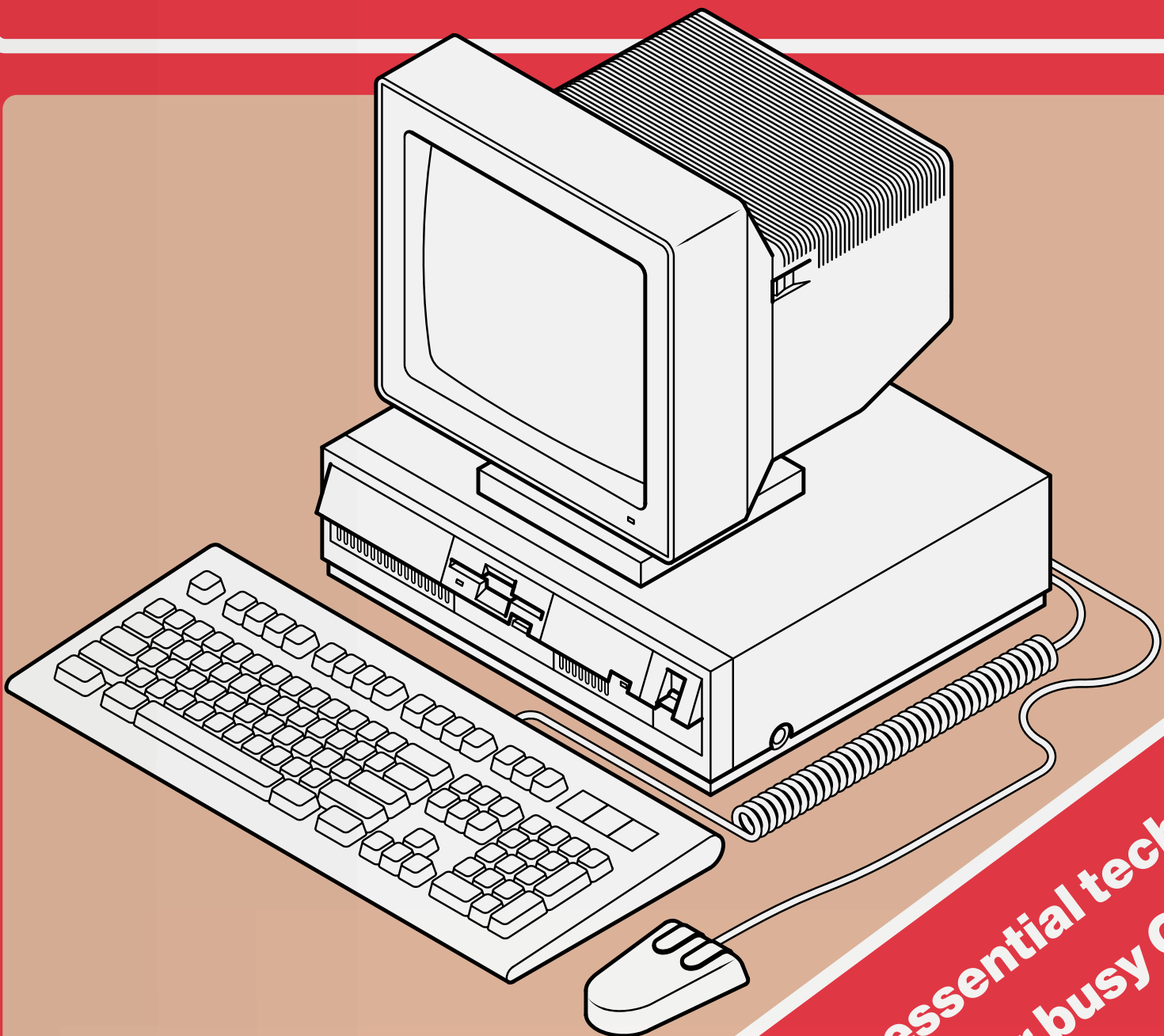
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LAW TECH

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GC readers' Manual



The essential tech guide
for busy GCs

Too much of a good thing?

As GCs look to leverage existing resources to avoid
an oversaturated and confusing legal tech market,
Neota Logic assesses what is on offer

Nearly \$1bn was invested in legal technology and New Law disruptors in 2018. That was across more than 50 funding rounds and included start-ups through to more established players, according to research from Investec. Venture capital, private equity, non-legal companies and trade buyers are increasingly interested in what they see as a highly-lucrative legal sector.

The frequency and scope of legal tech funding has also jumped markedly: a Thomson Reuters report in mid-2017 put investment into UK legal tech start-ups at just £16m in the previous 18 months. Hundreds of legal tech companies have subsequently popped up. Every law firm is quick to tout its latest innovation or partnership with a technology provider, while some even have incubators where they work with start-ups over several months, honing products.

But the adoption of legal tech and automation tools by in-house legal departments is harder to track. Many general counsel (GCs) complain it is difficult to deduce the substance from the noise, believing in-house tech solutions largely fall into the latter camp. Others are more upbeat on progress made over the last few years: 'There's been a shift,' comments easyJet group GC and company secretary Maaïke de Bie. 'Where tech and automation were once looked at by some in-house legal teams, they are now definitely mainstream.'

The growing influence and prevalence of in-house legal operations teams, continued pressure on budgets and a desire to improve the quality of work for in-house lawyers are all contributing to the change. There is no shortage of vendors looking to crack the in-house market either. With this in mind, we surveyed 70 legal departments and spoke to more than two dozen GCs to assess how much progress has been made with legal tech; what is being used and what for; the major barriers to adoption; and expectations for the future.

With two-thirds of in-house teams reporting they have no dedicated annual budget for legal tech and a third not currently exploring new tools, the conversation is shifting from what is out there to how teams can make use of existing technology and the importance of the broader digital transformation triumvirate of people, process and technology.

'Technology is a facilitator and part of a solution. It is never in and of itself a solution to a problem,' says Pearson associate GC for



'There's been a shift. Tech and automation are now definitely mainstream.'

Maaïke de Bie, easyJet

technology and operations, Robert Mignanelli. 'You first have to scope your problem, understand what you're trying to solve and then find a piece of technology that can help automate and drive that.'

GOING MAINSTREAM

GCs constantly talk about running their legal teams like a business. To do that, however, you need to know exactly the nature of that business. Document management systems, ►



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► workflow tools, e-billing solutions and management information services have existed for many years, but there has been a rapid evolution and increasing sophistication of these products. They have crucially become more user friendly too.

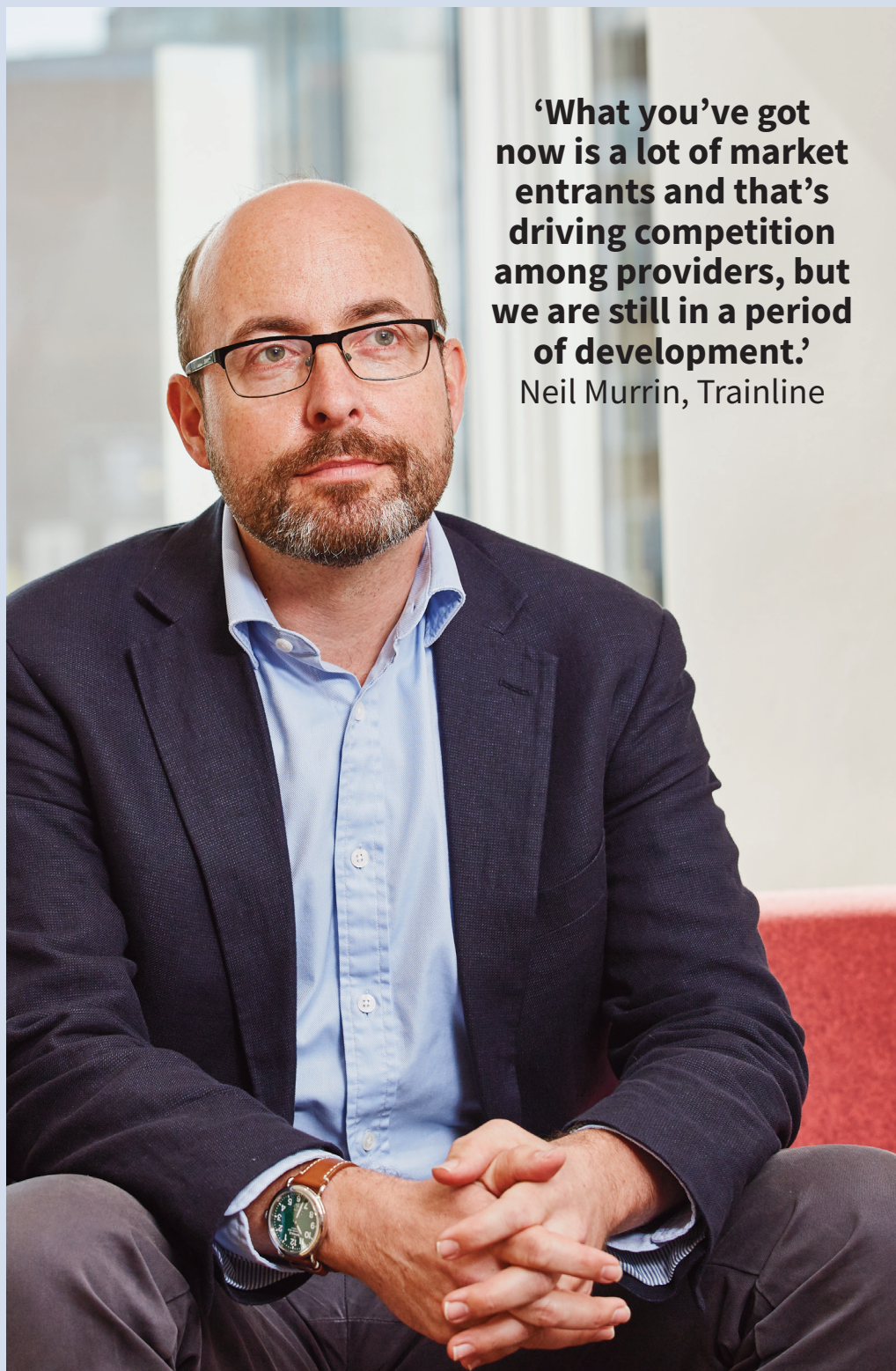
Broadly, there has been an increase in basic management tools that are not necessarily cutting edge but vital to running a department. Increasingly, the point has been about finding systems that can talk to others so that, for instance, your workflow tool and document management system work in tandem. As an example, Neota Logic – which offers document management, expertise automation and workflow automation all in one platform – finds many legal departments need to start with a simple triage application to work out exactly what their department has to deal with on a daily basis and route those requests to the right people.

‘It’s changed rapidly,’ notes UBS investment bank and EMEA GC Simon Croxford. ‘I’m a big fan of the technology and process efficiency developments we’re seeing in the industry because there is a lot that we can improve in our legal departments to become more efficient.’

Meanwhile, Barclays has integrated its matter management, e-billing, time recording and external legal spend tracker over the past three years. Head of legal transformation Ben Eason comments: ‘We’ve taken the time and the effort to do that, even if it’s not deemed the fancy work. That enables you then to start looking at stuff like AI.’

The consensus is that using tech has moved from rhetoric to action, particularly for larger in-house teams. At Vodafone Business, the FTSE 100 telecoms company’s B2B arm, legal director Kerry Phillip implemented a contract lifecycle platform three years ago. There are more than 60,000 searchable contracts on that system now, used across ten countries, while the workflow tool sends work directly to the relevant team. Phillip says that at the time it was first used, however, Vodafone was an outlier: ‘It is now accepted you need to do it and there are a huge range of providers out there. It’s unusual not to be thinking about or implementing some form of tech, which was not the case three years ago.’

As a further sign of growth, Thomson Reuters made a significant play in this area with the mid-2019 acquisition of secure file-sharing and collaboration platform HighQ for a reported £200m. HighQ sells to both law firms and in-house legal departments, marketing itself to the latter as a tool for streamlining operations. There has also been a boom in contract tools,



‘What you’ve got now is a lot of market entrants and that’s driving competition among providers, but we are still in a period of development.’

Neil Murrin, Trainline

broadly split into pre and post-signature analysis: contract review, due diligence, contract lifecycle management and understanding the data within contracts. Israel-based contract review automation company LawGeex, which announced a partnership with Neota Logic to

automate a third-party NDA approval process, is cited by multiple GCs. Liberty Mutual Insurance innovation director for corporate legal, Jeffrey Marple, comments: ‘In the last year or so there’s been a massive explosion in the contract space. Based on the number of products, there must be

a market, because they seem to be popping up everywhere.'

Trainline GC and director of regulatory affairs Neil Murrin adds: 'What you've got now is a lot of market entrants and that's driving competition among providers, but we are still in a period of development. Certainly with some of the AI and legal tech we've used, we've been the guinea pigs.'

BACK TO BASICS

Automation of repetitive, low-value work has become more commonplace in-house, however. Tools for automating non-disclosure agreements (NDAs) and self-serve tools are widely provided by GCs as examples of successful recent tech projects. Just over a third of the in-house legal teams surveyed say they use tools to automate contract and data management, while NDAs and other forms and templates are automated by 8% and 14% respectively.

ICICI Bank UK GC Priti Shetty has introduced an internal chatbot, developed by the business itself. It is used to identify which clauses are important and do not necessarily need to be fielded by in-house lawyers. Sheldon Renkema, general manager of legal for Australian retail conglomerate Wesfarmers, used AI automation platform Neota Logic to build marketing review and contract review tools. The former is used to educate the business about the most important aspects of marketing campaigns from a legal perspective, a built-in response to the team being asked the same questions repeatedly. The latter, meanwhile, ensures contract owners in the business provide the legal team with relevant background data and context.

'We're looking at further opportunities for self-service tools, but you've got to do that quite cautiously because the personal relationship is super important,' he comments. 'It means we get a seat at the table because we are helping people and have closer relationships, and get involved earlier on, which makes our lives easier.'

Many GCs are also not convinced their legal teams need to use specific legal tech products. 'It's not all about AI and complicated sounding terminology – at one of the biggest tech companies in the world, I have found that the most basic tools can transform how lawyers service their client teams,' Facebook associate GC Caroline Kenny comments. 'We use document-sharing tools like Google Docs and Quip, which clients can feed into in real time, saving the back-and-forth and duplication. These things are not specific to legal teams.'

Anglo American head of legal for M&A, Samantha Thompson, joined the FTSE 100

CASE STUDY: WESFARMERS

The Australian retail conglomerate Wesfarmers introduced a legal operations and tech working group three years ago, led by general manager of legal, Sheldon Renkema. The team of five had been looking at new processes and tech tools part time, alongside their day-to-day roles.

But they have already implemented a number of tech products: Xakia for matter management, Pursuit for tendering work and Neota Logic to create various self-service applications in areas such as marketing. Xakia has established metrics around internal demand for the legal team, while Renkema says Pursuit has saved the company hundreds of thousands of dollars on high-volume areas of work, such as public liability claims. Wesfarmers uploads a matter to the system that law firms then bid for.

Renkema comments: 'We found quite quickly there was a huge delta between the top and bottom price, but within the space of a couple of months that narrowed and we discovered what the market price was. Some firms self-selected out of that and others love it.'

As part of its declared strategy of reducing the volume of low-complexity and low-strategic significance work that the legal team is engaged in, Wesfarmers focused on the automation of the high volume of non-disclosure agreements (NDAs) that the company creates, choosing Neota to provide a solution integrated with Neota's Workflow and Analytics Dashboard, allowing Wesfarmers' lawyers a single console from which to view the status of every NDA associated with the business. The dashboard not only tracks at what stage of the process a particular NDA is up to, but also provides insight into each individual agreement.

Renkema noted that early business users of the application 'were surprised at how easy and intuitive the application is to use' and highlighted the efficiencies it has created 'by allowing for a much quicker turnaround.'



'We found a huge delta between the top and bottom price, but within a couple of months that narrowed.'

Sheldon Renkema, Wesfarmers

'Based on the number of products, there must be a market, because they seem to be popping up everywhere.' Jeffrey Marple, Liberty Mutual

mining company at the end of last year. In March, she took on an optimisation and innovation role with a mandate to assess legal tech offerings. She quickly learned that the legal department was better placed to optimise use of existing tools within the organisation as a priority, such

as Microsoft Office 365, rather than bespoke legal tech. That has involved talking to the company's IT team to put the legal function forward for any upcoming pilots in areas such as document management. 'What has struck me is there are an awful lot of different

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► options out there, and people are trying to sell me things, and want to talk about legal tech,' she comments. 'I stepped back and said: "Lawyers don't necessarily have special needs – we need to optimise the tech that we've got."'

It is a common sentiment, with many GCs referencing Office 365 in particular, including those at blue-chip corporates Pearson, Centrica, Vodafone, Aviva, Spire, Three and easyJet. Most highlight it as an intuitive collaboration platform, while group communication tools such as Microsoft Teams are also widely used. Former Royal Mail GC de Bie, who joined easyJet in mid-2019, says when she is looking at tech, her first thought is not whether there is a tool on the market, but whether she can improve the process around the problem first and if it can be solved by existing tools within the company. 'Is there something I can adapt that works already

within the enterprise environment, rather than bringing in another tool into the already many applications that many organisations have? The more you bring in, the more you are introducing complexity and risk.'

Aviva's head of legal operations, Caroline Brown, adds: 'While there are a lot of nuanced tools out there, there are also lots of non-legal tools we've been able to use. We're looking at working with Microsoft to roll out Office 365 and we're finding it to be an intuitive tool. People have been able to pick up the features easily, which raises the bar for other technology platforms on things like file and document sharing.'

Three GC and regulatory affairs director Stephen Lerner has similarly turned to a non-legal tech solution provided by Microsoft, using business analytics tool Power BI. Three years ago, he hired four non-lawyer business analysts

‘It’s unusual not to be thinking about or implementing some form of tech, which was not the case three years ago.’

Kerry Phillip,
Vodafone Business

and IT experts into his legal, commercial and regulatory affairs team of 130 staff. That team is tasked with using Power BI to mine internal data and track things such as resource optimisation – how many matters are coming into the legal function and how they are staffed. ‘It took probably a year or so to get it right, but now I can open up this tool on my desktop anytime and see what demand is coming through the department, and how are we staffed to meet that,’ he comments. Similar outcomes can be achieved with an application built in by Neota Logic using its analytics component on its platform to access the various requests coming into the legal department.

GCs also say the people aspect is more important than the technology. Digital training programmes and the employment of non-lawyer professionals or lawyers with

wider skillsets are firmly on the agenda. At the beginning of 2018, UBS kick-started an in-house legal team transformation and digitisation programme. Croxford says there has been a focus on enabling its lawyers to talk technology. This has manifested in a number of ways, including an in-house academy to educate lawyers in areas such as digital literacy – understanding the technology it uses and how it impacts the business. But there are softer aspects, such as sitting product-focused lawyers with data privacy and technology lawyers so they can mix ideas.

‘There are lawyers who exist with data and tech skills or exist with product skills, but the market hasn’t developed to the point where it’s doing what we’re trying to do, which is combine the two,’ he comments. ‘To be a successful in-house lawyer nowadays you need a variety of different skills that were rarely needed five years ago and definitely not ten years ago.’

MAKING THE CASE

It is clear why GCs turn to existing company tools for solutions. The cost of legal tech, and finding ways to articulate the business case and expected returns, is regularly cited as a major obstacle to adoption. Of the third of survey respondents to report a dedicated budget for legal technology, most were at 10% or less of their overall legal spend. Many GCs say the cost of much legal tech has been prohibitively expensive, although is improving, while establishing which metrics show return on investment remains difficult.

Two-thirds say their company’s IT department is involved in the decision-making process for implementing technology, with procurement and the C-suite involved for a third each as well. But for half of the survey’s respondents, less than 50% of their legal spend is on outside counsel. They are therefore looking for ways to reduce internal costs. Phoenix Group GC Quentin Zentner, who uses legal spend-tracking software Apperio, comments: ‘Securing a budget is key. You need a good, plausible business case. It was easier to secure approval by making the proposed technology spend part of a wider cost-cutting initiative.’

Liberty’s Marple comments: ‘Technology providers claim to save you money on x, y, and z, and they probably will, but unfortunately we may not have a clear understanding of the possible savings. You do all the research and analysis you can up front, but sometimes you just have to hold your breath and jump in, and hopefully it works out.’ ▶

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‘Having a separate team focus on technology in legal operations is good because the legal counsel team is not dragged away from the day-to-day tasks.’

Jackson Liu,
Neota Logic



Group GC and company secretary Stephen Godsell comments: ‘The great value of operations is that it gives somebody the task of driving change in a way that it’s their day-to-day job. Lawyers are very busy and there’s not a lot of space to investigate how we can do things differently.’

Neota, a no-code AI automation platform targeting professional services companies, is just about to launch a web-based tool called Canvas, which allows subject-matter experts, such as lawyers, to prototype apps for automating legal services. Vice president, markets and growth, Jackson Liu, says demand from in-house legal teams for technology has increased, led by the larger North American market, but with EMEA and Asia-Pacific growing quickly. Legal operations teams – which have featured in the US market for longer – led process improvements, with many now looking to add technology to those.

‘They’re now looking for a platform, an off-the-shelf solution, to look at how they can implement automation capabilities on top of those new processes. Having a separate team focus on the process and technology side in legal operations is good because it separates that from the legal counsel team, which means they’re not dragged away from the day-to-day tasks.’

GCs are also leaning on their law firm advisers to use technology to provide more efficient, and cheaper, services. There is a transparency issue on that side as well, however, with GCs unclear on what law firms offer, despite the bevy of press releases each pushes regarding their innovation credentials. Anglo American group GC Richard Price comments: ‘They’re all talking about it and they’re all looking at it, and they’re talking to us about how they might be able to use tech in a way to optimise the service that they provide to us, but we’re yet to see significant applications of that.’

Others are more optimistic. UBS talks to the firms that run innovation and tech incubators, to keep an eye on developments. Croxford sees the growth of managed service and contracting teams at some firms as an important development too. ‘It’s not just the sourcing of legal advice but how we run our departments as well. That’s the next evolution of relationships between banks and external law firms.’

DEMONSTRATING VALUE

The GC100 group, made up of more than 125 GCs and company secretaries primarily from

► There is also a sense much legal tech offers solutions to non-existent problems and does not easily connect to existing tech infrastructure. ‘A lot of the solutions out there are looking for a problem. All legal departments are different and the tech all seems to be a bit one-size-fits-all,’ Spire GC and group company secretary Dan Toner comments. ‘The tech needs to come from the demand side. The cost of it is dropping rapidly, but it’s working out how much it works with our tech, and it’s getting the time and the head space to put work into it.’

Adds Anglo American’s Thompson: ‘The impression I get is people are just struggling with the number of products out there and it’s not clear that there’s a market leader or someone with longevity, or that there’s even a need for the niche tech.’ This is where the increasing prevalence of operations professionals within legal teams comes in. Only 33% of those surveyed have a legal operations role within their team, but many of those achieving tangible results with tech have done so through legal ops. Guardian Media



‘Everyone assumes that they’re far behind and everyone else is much further ahead. It’s helpful to talk to our peers to understand we’re all just trying to get our arms around it.’

Richard Price,
Anglo American

the FTSE 100, has put tech growth and adoption onto its agenda. Everybody is keen to share and get a grip on the market. ‘Everyone assumes that they’re far behind and everyone else is much further ahead, and it’s helpful to talk to our peers to understand we’re all just trying to get our arms around it,’ Price comments.

There is undoubted appetite, and need, for in-house legal departments to adopt tech. There are multiple examples of early success in

IMPLEMENTING NEW TECHNOLOGY: A GUIDE FOR GCs

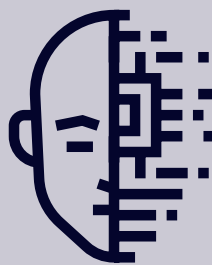
Finding internal technology champions, building use cases across multiple departments, learning how to measure return on investment (ROI), and simply being willing to give it a go: these are the keys to success for using legal technology, says Neota Logic’s Director of Client Solutions and Engagement, Shaz Aziz.

‘Tech providers should help people understand the market, especially when companies are early on in the technology-building and solution-finding process,’ he says. ‘You can look at the legal tech market and see 100 different names and it just looks like the Wild West.’

To navigate that plethora of providers, Aziz says in-house legal teams should expect potential tech partners to help them establish potential use cases and to understand their business’ needs and requirements. ‘Back in the day you’d sell the software to somebody, chuck it over the fence and they’d work out how to use it.’

As technology providers are increasingly expected to be advisers on technology, in-house legal departments will need to identify internal technology champions – often legal operations staff but, just as regularly, legal counsel – and importantly, establish use cases across multiple departments. If a legal team can find a solution that crosses over into human resources or procurement then there is greater scope for adding value across the business, as well as sharing the cost. Aziz comments: ‘If you can connect those people up in the business and allow cross-sharing, then it makes the process of getting buy-in much easier.’

Furthermore, legal teams need to learn how to measure the ROI from technology. This can be difficult to do with potential tech partners as information on cost is not easily shared, however. ‘If you can, in a granular way, understand what the cost saving is and can start to be able to put figures to things, that can make a massive difference in the early stage,’ adds Aziz.



‘You can look at the legal tech market and see 100 different names and it just looks like the Wild West.’

Shaz Aziz, Neota Logic

automating volume work, while many teams are now tracking data on their use of internal and external resource. That resulting data is where many GCs see the next wave of advancement. Analytics and then true AI and machine learning – despite the prevalent scepticism – will be used by GCs to understand their workflow and allow it to be optimised. More AI solutions aimed at interpreting and creating legal documents and contracts are expected to pop up as well.

But GCs are keen to pull the conversation away from a focus on pure technology, and back to a broader emphasis on how that fits in with people and teams. They are analysing whether they have the right people in the right locations,

the right levels of seniority, and then whether they are doing the right work. ‘To run a truly successful and efficient department, technology helps you get there, but it’s not the be-all and end-all,’ Croxford comments.

Adds de Bie: ‘I’m a big fan of data. Business colleagues are used to presenting data and level of risk, and I don’t see any reason why we as a legal team cannot do the same. I’ve really seen the value of collecting data to demonstrate value.’ ■

For more information, please contact:

E: hello@neotalogic.com

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