

Are you building a law firm for the future?

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The Americans have need of the telephone, but we do not. We have plenty of messenger boys' is a supposed 1879 quotation from Sir William Preece, Chief Engineer of the British Post Office. It is normal for institutions to want to resist change if all seems to be going well and all is under control during a specific moment in time. However, innovation never stops and changes eventually become inevitable and the 'new normal'.

Most current law firms are based on strong traditions and hierarchies, stemming from history and professional ethics, the legal sector is generally notorious for playing catch up with technological changes or following sharp business trends.

The purpose of this article is to make legal practitioners aware of some external variables affecting local law firms, which are likely to impose changes to continue growing as a law firm in the future.

Are you ready for the fourth industrial revolution?

If you started your law career writing cheques, posting letters and sending faxes, you probably experienced the third industrial revolution during the course of your legal career. According to the article 'The third industrial revolution' (www.economist.com, accessed 24-2-2018), the first industrial revolution began in Britain in the late 18th century with the mechanisation of the textile industry. The second industrial revolution came in the early 20th century, when Henry Ford mastered the moving assembly line and ushered in the age of mass production.

According to a timeline published on www.timetoast.com (accessed 24-2-2018), the third industrial revolution, which primarily relates to the digitisation of documents and use of personal computers, started with the Internet, which became available in 1991 and the commercial use of e-mails in 1993. 1 January 2018 marked the 27th anniversary of the Internet. With virtual reality becoming a focus point in 2017, the fourth industrial revolution is under way.

According to Klaus Schwab 'The fourth industrial revolution: What it means, how to respond' (www.weforum.org, accessed 25-2-2018), the fourth industrial revolution is building on the third industrial revolution and will be characterised by a fusion of technologies that will blur the lines between the physical, digital and biological spheres. The fourth industrial revolution differs from the third industrial revolution in the sense that it will deal with big data, robotics and artificial intelligence (AI). It is generally expected that by 2020 technologies could be dominated by AI.

What is AI and why are you reading about it in a publication for legal practitioners? Let us first qualify what is meant by AI. According to an article published by software engineer, RL Adams '10 Powerful examples of Artificial Intelligence in use today' (www.forbes.com, accessed on 25-2-2018), any piece of software is developed with some form of AI due to an algorithm that responds based on pre-defined multi-faceted input or user behaviour. However, true AI systems are systems that can learn on their own. The most famous true AI systems currently in use, include:

- Apple's personal female assistant 'Siri' who has a friendly voice and assists with finding information or giving directions on a daily basis. Siri uses machine-technology and gets smarter and better at understanding and predicting language used by users.
- Amazon.com is a retail website where algorithms are more refined and improved on year-on-year, which helps the business accurately predict what users are interested in buying based on their online shopping behaviours.
- Netflix is a platform where one selects and watches movies. This platform uses AI to suggest movies to users based on user reactions and behaviours relating to the movies they have watched.

Industries that may be most affected by AI, include social media platforms, financial institutions and telecommunication service providers, as these industries deal in comprising data of consumers. Law firms will have to keep up with technological changes and AI will be

important for law firms to adopt and implement in the future, to stay relevant and competitive.

Law firms have been digitally collecting, managing and storing data relating to clients, which include resources and standardisation of documents, from the time of the third industrial revolution. New tools and opportunities will arise in the fourth industrial revolution to, *inter alia*, do legal research faster, prepare documents, automate communication with clients, and manage and use data more effectively.

Opinions on the impact of AI on the legal industry are diverse. Generally, benefits discussed include, the automation of documents, delegating routine tasks to computers, and developing processes, which will save time and cost for legal practitioners and clients. Could you imagine how the judicial system in South Africa (SA) could improve and operate, in the interest of clients, if more processes in the Registrars' offices can be digitalised and automated?

The timeline on the impact of the fourth industrial revolution on law firms also varies. A very conservative school of thought estimates that the implementation of true AI solutions in law firms will only take place in the next 15 years. Although it is reported that international law firms appear to be picking up the pace in adopting AI. Apparently only a few law firms in SA are pro-actively pursuing early opportunities in this space.

Is your firm investigating and planning adoption of technologies with AI capabilities?

Is your firm uberised?

What does it mean to be uberised? According to the online dictionary (www.collinsdictionary.com, accessed 24-2-2018) the term 'uberised' means 'to subject (an industry) to a business model in which services are offered on demand through direct contact between a customer and a supplier, usually via mobile technology'. The term is derived from the Uber business model, which changed the taxi industry in many countries.

Some business experts suggest the 'uberisation' of the whole economy – as the result of this trend – is that the cost of services decreases and services become conveniently available and

accessible to all who own cell phones. The question then arises, how can law firms be uberised? Is the legal profession ready to offer legal services to all clients based on a 'legal practitioner on demand' model at lower rates?

A spin-off of uberisation is that it creates a climate for shared economies. What does this mean? According to Bernard Marr ('The sharing economy – what it is, examples, and how big data, platforms and algorithms fuel it' www.forbes.com, accessed 25-2-2018) while Baby Boomers and Generation Xers probably, for instance, had shelves of favourite books, music and DVDs, Generation Y, (who is expected to be 50% of the South African work force in 2020), is likely to strive for a more 'minimalistic' style and install their favourite music, movies and books for example, only on their mobile devices. Based on these trends, and other economic pressures, it has become popular to share, for instance, motor rides and apartments, like with the examples of Uber and Airbnb.

Many new and small businesses embrace this trend of 'shared economies', which allow them to pop-up easily by using technology (in particular cell phones), and survive financially by sharing, for example, platforms, tools, or other infrastructure. As law firms are businesses who market, sell and deliver professional services to businesses and consumers, will these trends not also impact on operations of law firms?

Many local law firms already embrace the concept of 'shared economies' to lower overheads and cut costs, but not necessarily to offer uberised services. In this regard, if you are a small law firm:

- Do you perhaps share office space or facilities with another firm?
- Do you share a driver with other law firms?
- Do you share a receptionist?
- Do you use a virtual assistant?
- Do you share the use and cost of a printing-copy machine?
- What resources can your firm share with other legal practitioners?
- Are you a member of an association of firms, which could share precedents and resources?
- Do you have a network of expert attorneys?

- How can mentors be helpful to more firms?

These are steps in the right direction, but how can law firms fully become uberised? Cell phones make it easy and instant to access businesses, which means that communication and transactions can happen faster. The availability of cell phone technology, could raise the expectations and demands of clients. Is your firm accessible via a cell phone? Is your firm accessible via a website adapted for cell phone use, or a downloadable application? What services could your firm potentially offer via a cell phone?

Richard Susskind and Daniel Susskind ('The future of the professions: How Technology will transform the work of Human Experts (Oxford University Press 2015)), *inter alia*, predict that professions will evolve in the era of AI, and in particular, that more communities of professionals will form in the future to share expertise, even on an open source basis.

If 'shared economies' could lower overheads and costs, how can law firms go further to deliver some legal services faster, online, and against lower rates?

Are you embracing globalisation?

According to an article by Prachi Juneja 'What is globalization? – Meaning and its importance' (www.managementstudyguide.com, accessed 25-2-2018), 'globalisation' has many meanings, depending on the context, but can simply also be defined as 'the free movement of goods, services and people across the world in a seamless and integrated manner'. Globalisation is not a new term, but it becomes increasingly relevant based on threats and opportunities of international trade that arise due to the nature of current technologies.

Local law firms are exposed and impacted by globalisation on different levels. Some local law firms offer legal services to foreign attorneys and clients, while some also represent clients with foreign interests. Firms involved in international legal work are likely to have existing working relationships with foreign law firms. During the course of these business relationships and transactions, services are offered across the world, and knowledge and resources are often shared. Are you connected with foreign attorneys on social media?

Could globalisation for instance create opportunities for local law firms to form communities with foreign law firms to share technologies, systems, resources, tools, experiences and best practices relating to practice management aspects?

Conclusions

Although legal practitioners may feel content with the *status quo* of operating law firms, changes are coming. Local law firms are subject to worldwide economical, technological and social trends, which will bring about changes in most professions. These trends may not discriminate between small, medium or large law firms. These trends are driven by the advancement of technology and convenience for clients.

It is to be understood that changes relating to the above trends will impact gradually and could create lots of benefits, but also fear and resistance. It is further widely accepted that fear can either paralyze progress, or be reduced by making plans and taking action.

Strong leadership is required to lead the legal professions to and through these industry changes. The fourth industrial revolution, uberisation, shared economies and globalisation, should present fantastic new opportunities for law firms. What opportunities and benefits may it present to your law firm?

Is your firm making plans to benefit from the future?

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Source - <http://www.derebus.org.za/are-you-building-a-law-firm-for-the-future/>