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Legal Tech Cos. On The Rise As GCs Embrace Automation

By **Michele Gorman**

Law360 (July 5, 2018, 3:04 PM EDT) -- Legal technology companies are reaping big benefits as corporate law departments look to free up attorneys to devote more time to complex tasks, and as the role of custom technology and automated processes gain momentum in the legal profession.

Service providers are expanding their products by developments or acquisitions to assist attorneys, and new vendors are emerging in the market.

"Every GC has to be looking at how can they leverage technology to make what they do more relevant to the company," said Joe FitzGerald, vice president and general counsel at enterprise data storage company Pure Storage Inc.

A 2018 report from artificial intelligence contract review platform LawGeex says that each month, dozens of companies burst onto the scene promising to transform daily legal tasks. In 2017, legal tech saw \$233 million in investments in businesses across 61 deals, edging ahead of 2016 with \$224 million in investments across 79 deals, according to the most recent edition of LawGeex's In-House Counsel's Legal Tech Buyer's Guide.

"The greatest and most far-reaching change I have experienced is how legal technology is making inroads into the 'front office,' taking over tasks or initial steps of the actual legal work that has traditionally been handled by lawyers or legal staff," Lucy Bassli, chief legal strategist at LawGeex and a former assistant general counsel at Microsoft Corp., said in the report.

As the legal technology space quickly evolves, it has recently witnessed a flurry of mergers and acquisitions and a record rise in funding, which LawGeex said stems from the widening sophistication of the market. There has been a 65 percent increase in legal technology companies using AI in the past year, according to the buyer's guide.

Factors that play into the adoption of legal technology include teams increasingly facing pressures to improve efficiency, develop more strategic lawyering, reduce law firm costs and expand legal operations. New applications for the legal services industry help enhance productivity, provide innovative product offerings and improve the quality of services.

"For the first time, everyday tasks — such as analyzing or reviewing contracts and researching legal issues for case law and regulatory insights — are increasingly becoming automated, at least in stages," Bassli said.

Funding for disrupting the legal profession continues to flourish in 2018, and the pace of transformation is only accelerating. Rapid progress in technology is helping the global legal services market grow from \$849 billion in 2017 to a forecasted \$1.011 trillion by 2021, according to a report published in June by The Business Research Company.

As law departments increasingly operate as a business unit and service provider for their organizations, and as the general counsel role continues to evolve, the industry is catching up with technology in a way that some say wasn't efficient in the past.

The growth of the corporate legal operations function also adds to the demand because professionals in that space are devoted to using more technology to meet the needs of the businesses they serve, said Catherine Moynihan, associate vice president of legal management services at the Association of Corporate Counsel.

Businesses are more willing to invest in technology because legal professionals are adapting to changes, and many younger lawyers who enter the workforce even expect it to assist in their responsibilities, said Steven O'Donnell, director of product marketing and sales enablement at legal and compliance software provider Mitrtech. By acquiring ThinkSmart LLC earlier this year, Mitrtech integrated the company's workflow software into its platform.

In January 2017, cloud-based AI analytics provider Veritone Inc. and e-discovery software company kCura **announced the integration** of Veritone's platform with Relativity, kCura's e-discovery software that helps organizations manage and analyze large volumes of unstructured data.

Veritone Legal can render every second and frame of audio and video content searchable for things like words, phrases, faces, sentiment and voice identification. It can produce an index of the processed data within minutes — a process that previously could take thousands of hours.

A Veritone client who faced a lawsuit for allegedly violating the Telephone Consumer Protection Act, for example, culled audio from more than 33,000 hours of audio data in question to only 140 hours, resulting in \$16.5 million in savings for the customer compared to a traditional review, the company said.

At Pure Storage, a team customized a platform to work within Salesforce to automate the contract process. It allows sales representatives to process their own contract records, generating more than 7,000 NDAs, evaluations and end-user license agreements, FitzGerald said.

The team estimates it saved about \$700,000 worth of sales and operations employee time, according to the ACC, which in May recognized the California-based Pure Storage for leveraging custom technology and automated processes.

"We saw very clearly that if you look at the end goal," FitzGerald said, "we could handle more requests for legal services with less people because we're able to focus in on the issues where you need to put a trained professional on it."

As part of its annual Law Department Survey, HBR Consulting LLC asks how businesses handle increased demand. The top-ranking response to that question to the nearly 300 organizations from 20 industries who participated in 2017 was relying more on technology, and the third-highest answer was automating routine tasks.

"Offering legal services and legal best practices is really not so much about just running a legal department anymore," O'Donnell said. "It's about being a strategic adviser and a manager of

operations with the rest of the company.”

--Additional reporting by Aebra Coe. Editing by Rebecca Flanagan.

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