

# Law Firms Need Artificial Intelligence to Stay in the Game



## Executive Summary

The law firm is at a fork in the road, whether it knows it or not. The world around it is changing, and the time has come to make a decision – adapt to the changing dynamics of the “new normal” or continue on the same historical path. Over the past decade, the legal department has become much savvier, particularly in their operations, use of technology and overall business acumen. The legal department, however, while continuing to face cost pressure amidst an ever-expanding scope of service, has a growing list of alternatives to the law firm for many of its services. Law firms that continue operating at the status quo are likely to face struggles and an uncertain future; while law firms that adapt and push their strategy forward will have the opportunity to outperform their lagging competition. While not the only solution to adaptation, artificial intelligence cannot be overlooked when enhancing both the business and practice of law operations to keep up with the pace and remain a competitive option for clients.

The path to using artificial intelligence is not quick and requires planning, resource building, trial and error, a continuous approach and culture shift – all before any benefit is realized. Those that commit open the doors to reduced or eliminated manual- and labor-intensive tasks, more accurate decisions and work product, reduced costs, higher retention, better customer experience and new, scalable revenue opportunities. Artificial intelligence is not a replacement for lawyers, but rather an augmentation tool to improve efficiency and accuracy that is changing how legal services and advice are consumed and delivered.

The report, *Law Firms Need Artificial Intelligence to Stay in the Game*, provides an overview and introduction of Artificial Intelligence for law firms. In doing so, it covers the following key topics:

### ♦ **What Artificial Intelligence Is and What It Means For the Law Firm**

Uses of artificial intelligence in the law firm goes beyond document automation and smart contracts. Drafting responses, providing legal advice, and suggesting litigation strategy are a few of the more “cutting edge” applications of AI in the practice of law. On the business of law side, AI can play a role across the board – from automating repetitive tasks to billing and pricing, predicting the success of lateral candidates, responding to RFPs, tailoring marketing and user experiences to be more meaningful, and so much more.

### ♦ **Building Blocks of Artificial Intelligence**

To be successful with AI, the “technology” is only a small part of the solution. A foundation of clean, relevant and structured data; defined, accurate and optimal processes, procedures and policies; the talent to interact and understand the AI system; a flexible culture open to change and risk; and technology that enables and supports both AI and its users.

### ♦ **Current Examples and Maturity of Law Firms Using Artificial Intelligence**

While there are law firms doing nothing with AI, most larger firms fall into the investigation, pilot or initial adoption phases. Law firms that are more advanced in the adoption of AI have been successful in creating ancillary revenue streams through subscription-based applications and improving the profitability of fixed fee arrangements.

### ♦ **Roadblocks and Steps to Take For Using Artificial Intelligence**

There are a number of barriers law firms face with AI, with clean and reliable data, the right talent, and a flexible culture being at the forefront. Being proactive in change (e.g., the client does not directly ask for something) and gaining internal buy-in are also impediments to an AI investment. Using AI also brings up difficult to answer questions – will attorney compensation change? Does the attorney compensation structure need to change in order for AI to be effectively utilized? Moreover, do we need to modify fee arrangements in matters where AI can be successfully applied?

While at the onset these roadblocks can be overwhelming, there are distinct steps to take that will help focus and improve manageability of AI investments. The steps begin with education on AI and best practices, establish support for AI investment, define the goal, assess maturity and close any gaps (technology, talent, culture, processes), identify quick wins, deploy and scale and continuously improve and advance.

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