



## Tech Bytes Part 2: Analytics and Artificial Intelligence for chief legal officers

Five opportunities for cost-effective quick wins

# Introduction

**93%**

In a Deloitte survey of legal department executives, **93 percent** of respondents in companies with 15 percent or better profit margin growth say their legal team has the expertise to add strategic value to the organization **vs. 70 percent** of respondents with zero or negative margin growth.

**70%**

**63%**

Yet nearly **two-thirds (63 percent)** of respondents say recurring tasks and data management constraints prevent their legal teams from creating value at their organization.

**60%**

And just **60 percent** of respondents indicate they have full visibility into legal and compliance obligations across all lines of business and functions.

# Time for a change

There are a variety of impacting reasons, but two specific factors have driven recent advances in analytics and artificial intelligence (AI): the exponential growth in data and the massive increases in computer processing power that can be applied to that data. Much of this data is structured data, usually generated by prolific enterprise systems. However, many legal departments have largely been left out of this wave because their world revolves around *unstructured* data—documents, pictures, videos, and other data assets that reside outside of structured databases.

Solving the challenge of unstructured data has brought the legal industry to an inflection point. For the first time, many labor-intensive, repetitive legal department tasks can now be performed by computers instead of humans. Legal executives should be able to leverage analytics and AI to free up legal department resources so they can perform more value-added work, such as advising the business on strategic and directional matters. *Is this possible when only half (56 percent) of legal executives say their departments have invested in technology to improve efficiency?* The answer is a resounding yes.

Small steps + quick wins =  
**Transformation opportunities**

# Digital transformation doesn't have to be done in a day

Half (50 percent) of legal executives surveyed say automation and process redesign could help reduce costs and create efficiencies. Three specific questions can help identify improvement opportunities that are achievable, affordable, and can help move legal departments in the right direction one manageable step at a time:



How do people spend their time?



What processes are in place?



What data and technology do we already have?

Once you've answered these questions, you're ready to consider technology enablers.



Read Tech Bytes Part 1 to learn more.

In the following pages, we offer five improvement opportunities that we often see in corporate legal departments that leverage **AI and analytics**.



#1

# Data governance and retention

## Challenge



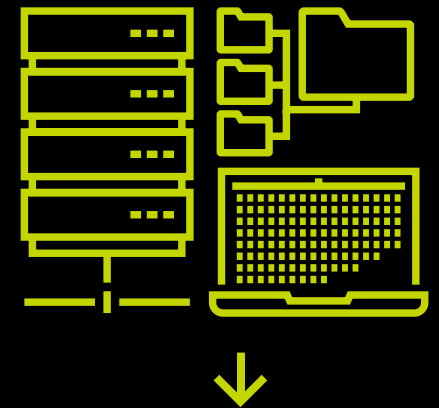
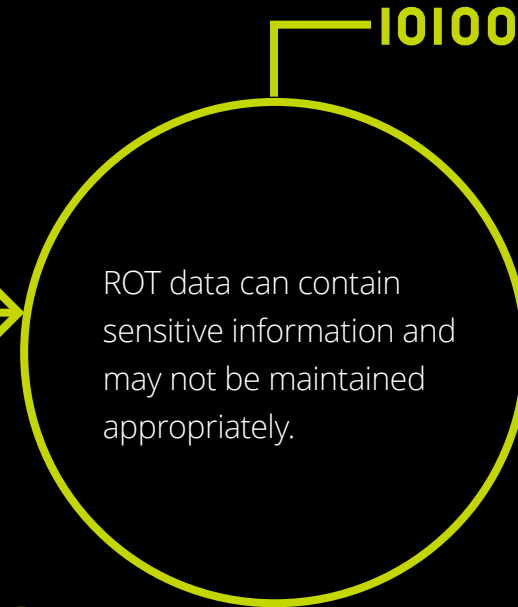
Data volume is estimated to be **doubling** every two years,



and  
**80%**  
of it is  
unstructured.

**Redundant, obsolete, and trivial (ROT)** data is the 80 percent or so of that unstructured—and unprotected—data that is beyond its recommended retention period and no longer useful to the business.

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Much of ROT data exists in emails, word processing documents, spreadsheets, presentation files, and other programs and databases. In the past, most companies have had no way to centrally index or govern that ROT data.

#1

## Data governance and retention

### Opportunity



In today's "cloud-first" environment where many companies are moving their data and applications to the cloud, start with a data remediation initiative for efficient and defensible disposition of most ROT data so only the most important data assets are moved to the cloud.

Take advantage of workforce collaboration platforms and other cloud-based systems that often contain a central index in which every data asset created or stored on that platform is identified and tracked.

According to Microsoft Corporation, 70 percent of Fortune 500 companies purchased subscriptions to Microsoft Office 365, the company's workforce productivity suite of tools, in the past year. Companies using Office 365 can apply retention schedules based upon company policies and regulatory requirements.

With AI-enabled search and extraction techniques such as natural language processing and Elasticsearch, legal departments can organize and explore central indexes and data repositories to understand where legally sensitive and ROT data resides. These analytics and AI capabilities can help address legal and regulatory risk in the organization because data is no longer stored inconsistently and endlessly.

And, because all data is centrally housed, companies can now apply information governance for cybersecurity, data loss prevention, and regulatory risk management purposes.

## #2

# Legal billing and resource monitoring

### Challenge



Many corporate legal departments use time and billing software, but **few fully leverage the data available** for insights into legal operations efficiency and internal vs. external resource allocation.

For example, when a new legal matter or investigation arises, CLOs often use **intuition and experience** rather than hard data to put together a plan for that matter, negotiate with external counsel if needed, and execute on the plan.

But what if they could use **data from existing sources to assess how similar matters were handled in the past, then more accurately forecast an efficient balance of internal and external resources for the current matter?**



#2

## Legal billing and resource monitoring

### Opportunity



Apply analytics and AI tools to the rich data contained in today's legal time and billing platforms for demand planning and resource management purposes.

Identify opportunities for more effective use of the platform's embedded analytics capabilities, such as to quantify operational metrics, financial performance, and spend management.

Then consider adding a layer of AI, such as supervised machine learning; a dashboard to visualize results and unlock additional insights; and AI-powered request-tracking automation to generate help-desk tickets for high-volume requests from the business.

Also, consider centralizing and automating the processing of outside counsel billing. The system could review/approve certain bills based upon specified rules and thresholds, thus freeing up a significant amount of time in-house attorneys may now spend on those activities.

Add on a layer of AI, and the same data could be analyzed for potential overcharge situations and other valuable insights that might help CLOs negotiate alternative fee agreements.

### #3

## Contract management simplification

### Challenge



As with time and billing systems, many legal departments already use some form of contract management platform but may not be fully leveraging its capabilities. Further, many of these systems are “point in time,” and do not include an end-to-end solution and the efficiencies and knowledge that can be derived from such a process.

For example, the legal department is often only one link in an organization’s contracting value chain. Other contract technologies may be used in procurement, sales, and operations.



The result—multiple systems may be in place storing, managing, and moving contracts around without overarching governance or visibility by the legal department.

#3

## Contract management simplification

### Opportunity

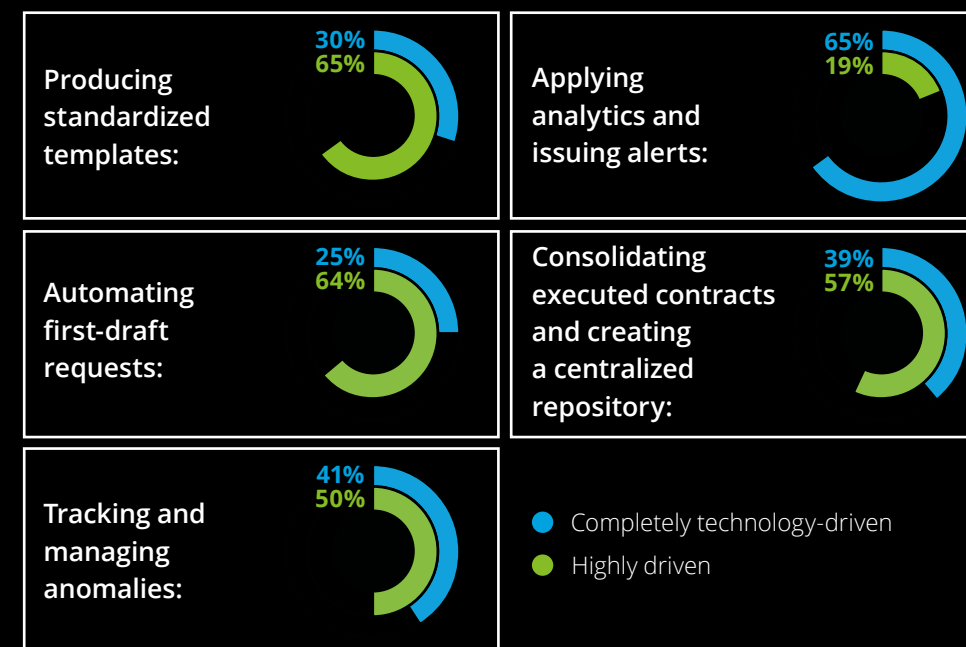


Connect the legal department's contract management platform to the other links in the value chain via application programming interfaces (APIs) so legal has visibility into and input to contracts across the organization.

Leverage technology capabilities of the legal department's platform to automate key recurring tasks while incorporating AI to gain insights and value from these key data sets (figure 1).

Use the platform's embedded analytics capabilities to integrate contract-related data with business data to diagnose recurring contract problems, identify opportunities to optimize legal resource allocation, and streamline contract generation, internal reviews, and related risk management. This approach can support the reallocation of legal resources from repetitive, manual tasks to more value-added work.

**Figure 1. Recurring contract management tasks ripe for automation**

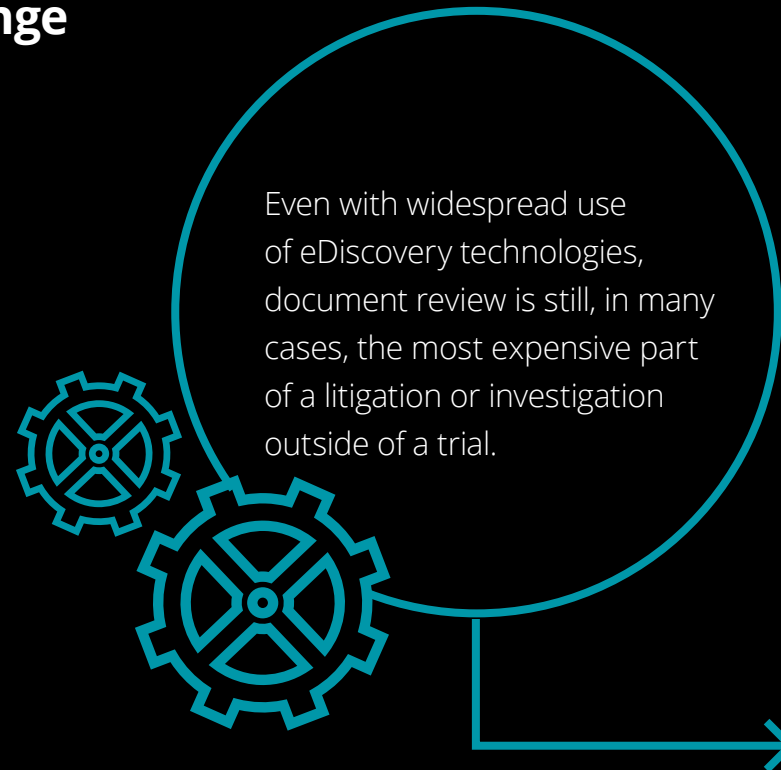


Source: "Optimizing Value From the Legal Team," Oxford Economics and Deloitte Survey, May 10, 2018.

#4

## eDiscovery efficiency and reuse

### Challenge



#4

## eDiscovery efficiency and reuse

### Opportunity



Engage an eDiscovery managed services provider to conduct document collection, review, and production across multiple legal matters.

Such an approach enables a legal department to leverage enterprise data more efficiently and develop AI models for specific purposes, including the identification of data that can be defensibly disposed, especially when that data has already undergone remediation to reduce ROT data and is stored in a cloud or other central environment.

A basic example of this efficiency is a “privileged document” AI model, which can identify documents previously tagged as privileged and avoid redundant review when new legal matters arise. Other types of models can be created and run against the same data—for example, a workplace harassment model or Foreign Corrupt Practices Act (FCPA) model.

To take this one step further, once a legal department has made an investment in the indexing of data, the data can be used to deliver greater insight, and value, to the business—for example, by developing a phishing-scheme identification model.

Not only can such an approach help legal departments more effectively manage eDiscovery resources, costs, and efficiency across their litigation portfolio, but it may also be the first step in developing a content and contextual legal hold model.

#5

# Litigation strategy/settlement decision support

## Challenge



Organizations often face a range of litigation or investigations, from contract disputes to product/service liability claims to intellectual property (IP) infringement to allegations of violations of the FCPA or other alleged regulatory violations.

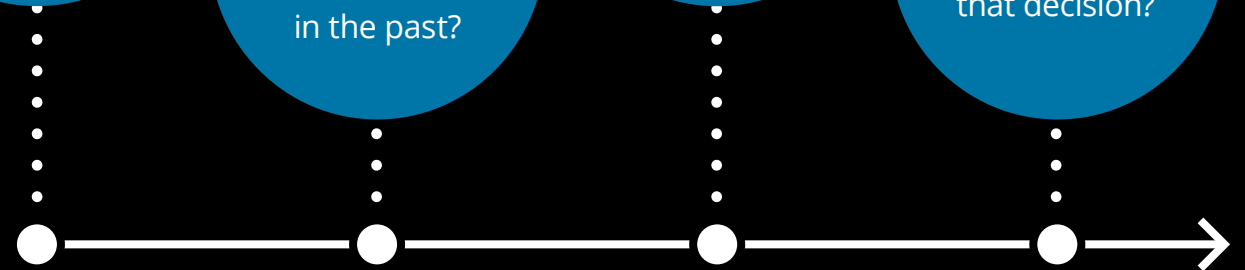
Given the potential diversity and volume of litigation and investigations, legal departments may struggle to identify—in a timely manner—a strategy for each that effectively considers related risks and provides the greatest chance of a favorable outcome:

Which resource(s) do we assign to the matter, internal or external?

How have we addressed similar matters in the past?

What were the outcomes of those matters?

What are the cost implications of that decision?



#5

## Litigation strategy/settlement decision support

### Opportunity



Applying analytics and AI tools to existing internal data generated from past litigation, as well as external data sources, can produce insights to inform the decision-making process.

For specialized cases such as IP infringement, cloud-based decision support tools are available on a subscription basis to give decision-makers a broader field of vision into how similar litigation has been handled in their industry or other industries. Lex Machina and Wellspring are just two examples of such tools.

Tools of this type can help inform a legal department's decisions and automate related processes. Again, using IP as an example, the tools can support IP development, management, licensing, disclosures, filings, and reporting.

# Raise expectations—and legal department value to the organization

CLOs and corporate legal departments are under growing pressure to expand their roles and responsibilities. Legal advice and insights about a range of strategic and operational issues are increasingly important to boards, C-suites, and operational leadership. Yet roughly half of legal departments face flat or decreasing budgets and stagnant hiring.

The good news is that digital transformation of the broader workplace holds many opportunities for quickly deployable, nondisruptive, and cost-efficient uses of analytics and AI in legal departments, such as those discussed above. Isn't it time to automate repetitive, low-value, or expensive activities to free up legal department resources and better use available data from across the enterprise to generate valuable insights—for both strategic legal decisions and legal operations improvement? By doing so, legal departments can rapidly elevate the work they do and improve the value they provide.

## Let's start the conversation

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## Endnotes

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