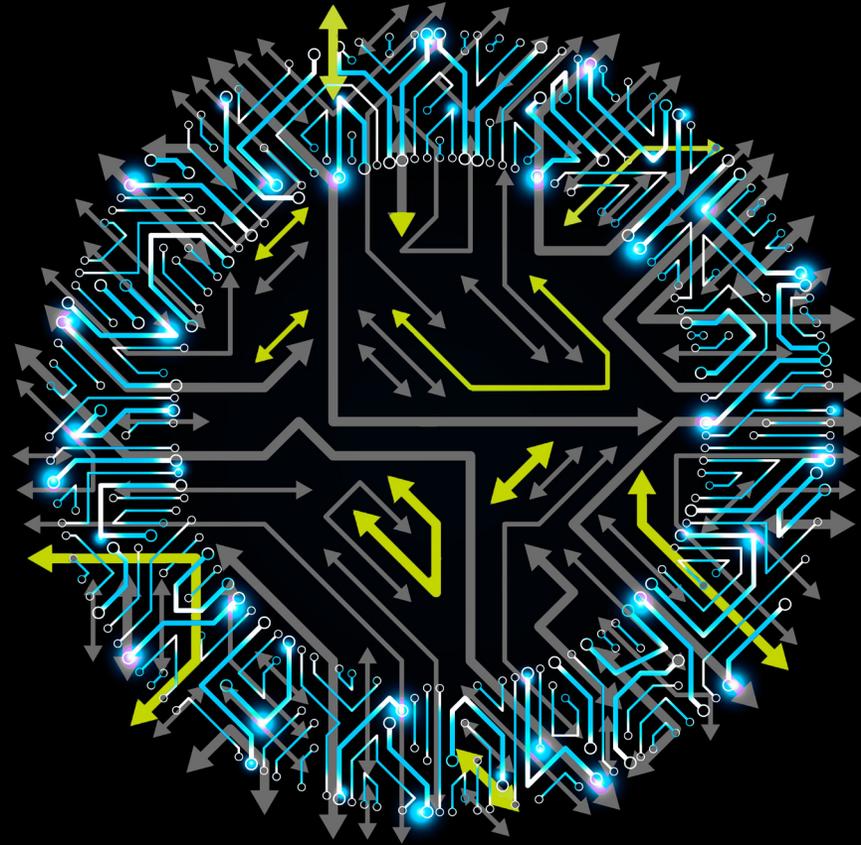


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**Tech Bytes Part I:
Start at the Beginning**
A tech primer for chief legal officers

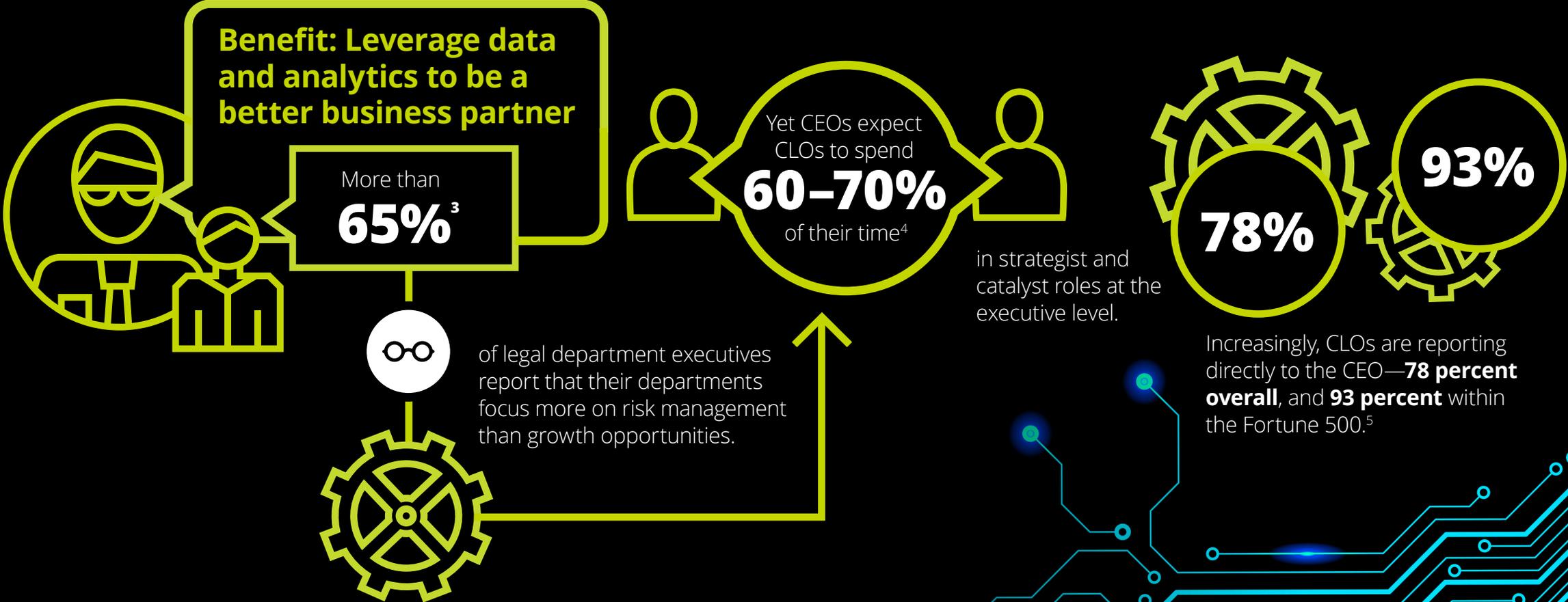
Introduction



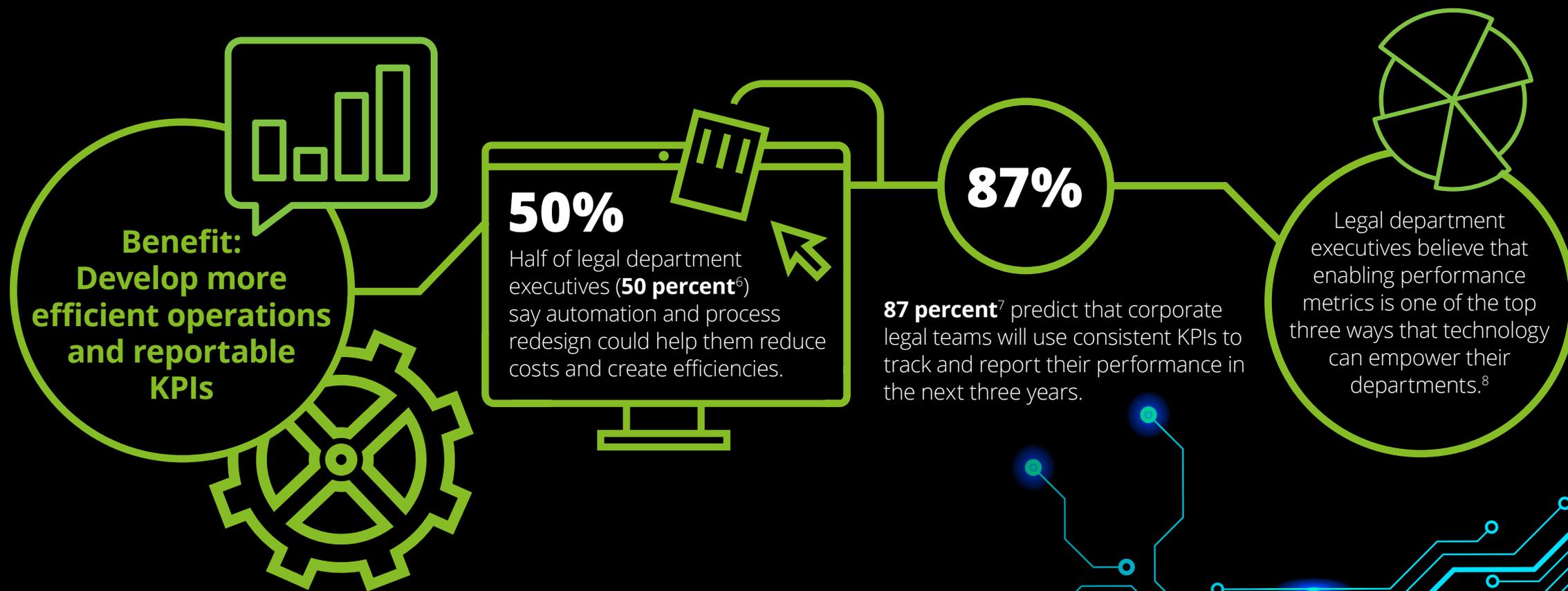
With roughly half of legal departments facing flat or decreasing budgets, and more than half reporting stagnant hiring,² the disconnect is difficult to reconcile—especially as the roles and responsibilities of the chief legal officer (CLO) and the legal department continue to expand. While technology isn't a silver bullet, it can be a powerful tool that empowers legal departments to improve efficiency and contribute more strategically, if thoughtfully deployed.

Legal function + digital transformation =
Added value + competitive advantage

Potential benefits



Potential benefits



Potential benefits

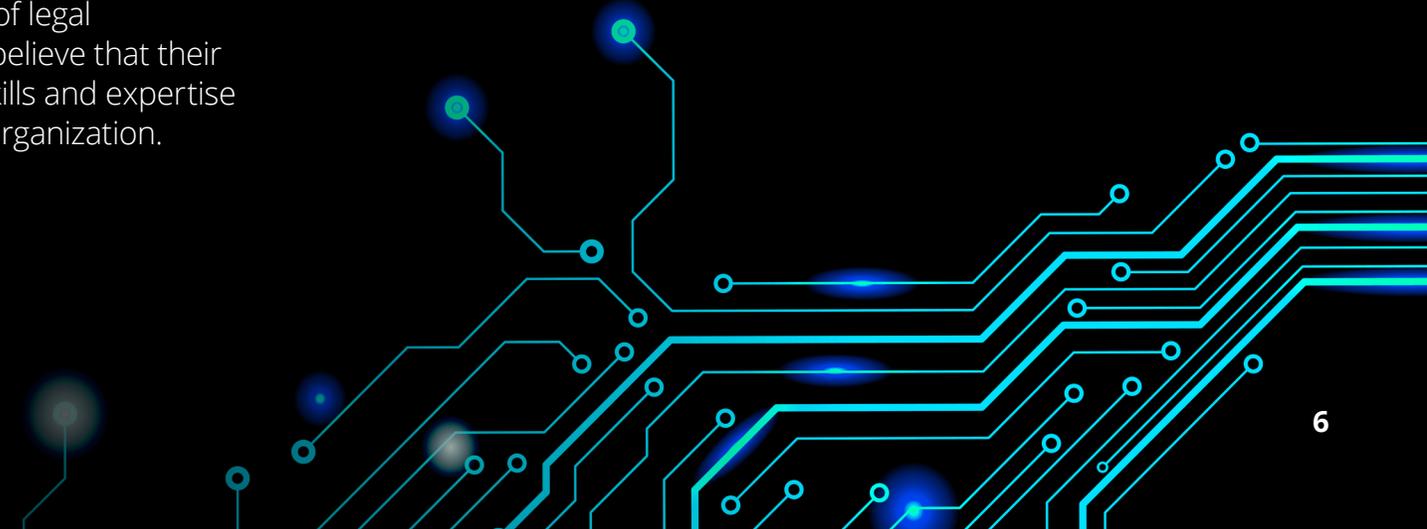
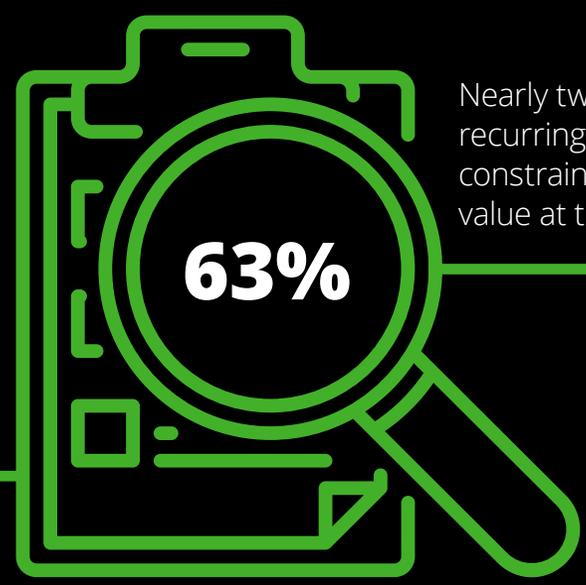
Benefit: Automate repetitive, low-value activities to give lawyers more time to engage the business and provide strategic advice

80%

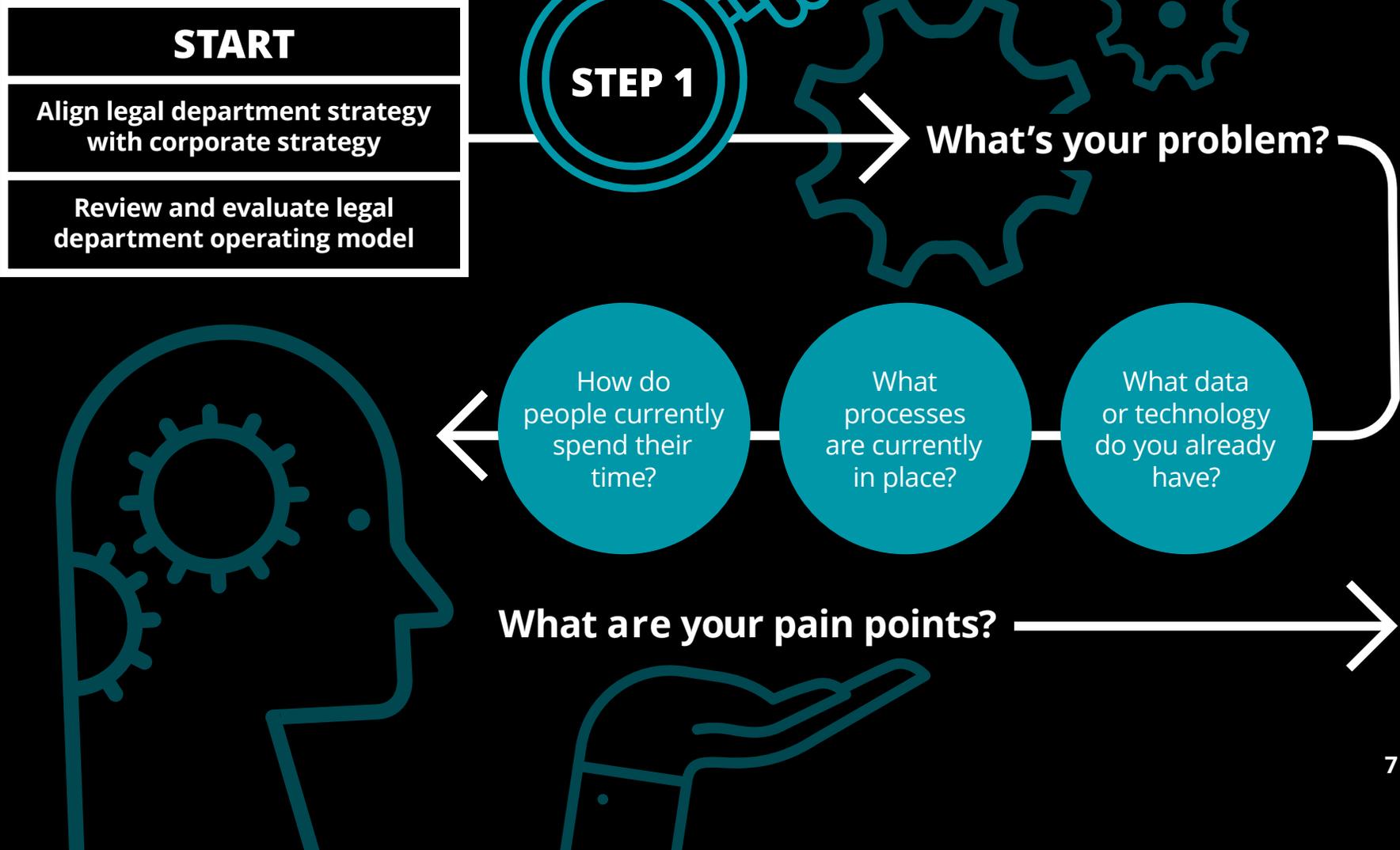
More than **80 percent**⁹ of legal department executives believe that their lawyers have the right skills and expertise to add value within the organization.

63%

Nearly two-thirds (**63 percent**¹⁰) say recurring tasks and data management constraints keep them from creating value at their organization.



To achieve these potential benefits, CLOs must first develop both a strategy that is aligned to the larger corporate strategy and a strong legal operating model. Then, CLOs can begin to explore potential technology applications. To help in that effort, we offer some insights below and will dedicate the remainder of this series to exploring technologies that may be of interest to CLOs and the departments they lead.



STEP 2

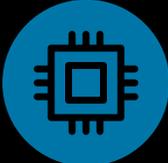
Can tech enable solutions?

What solutions exist to address the issues identified?

What problem is this technology designed to solve?

What questions should I ask?

When is this solution "right"?



AI/analytics

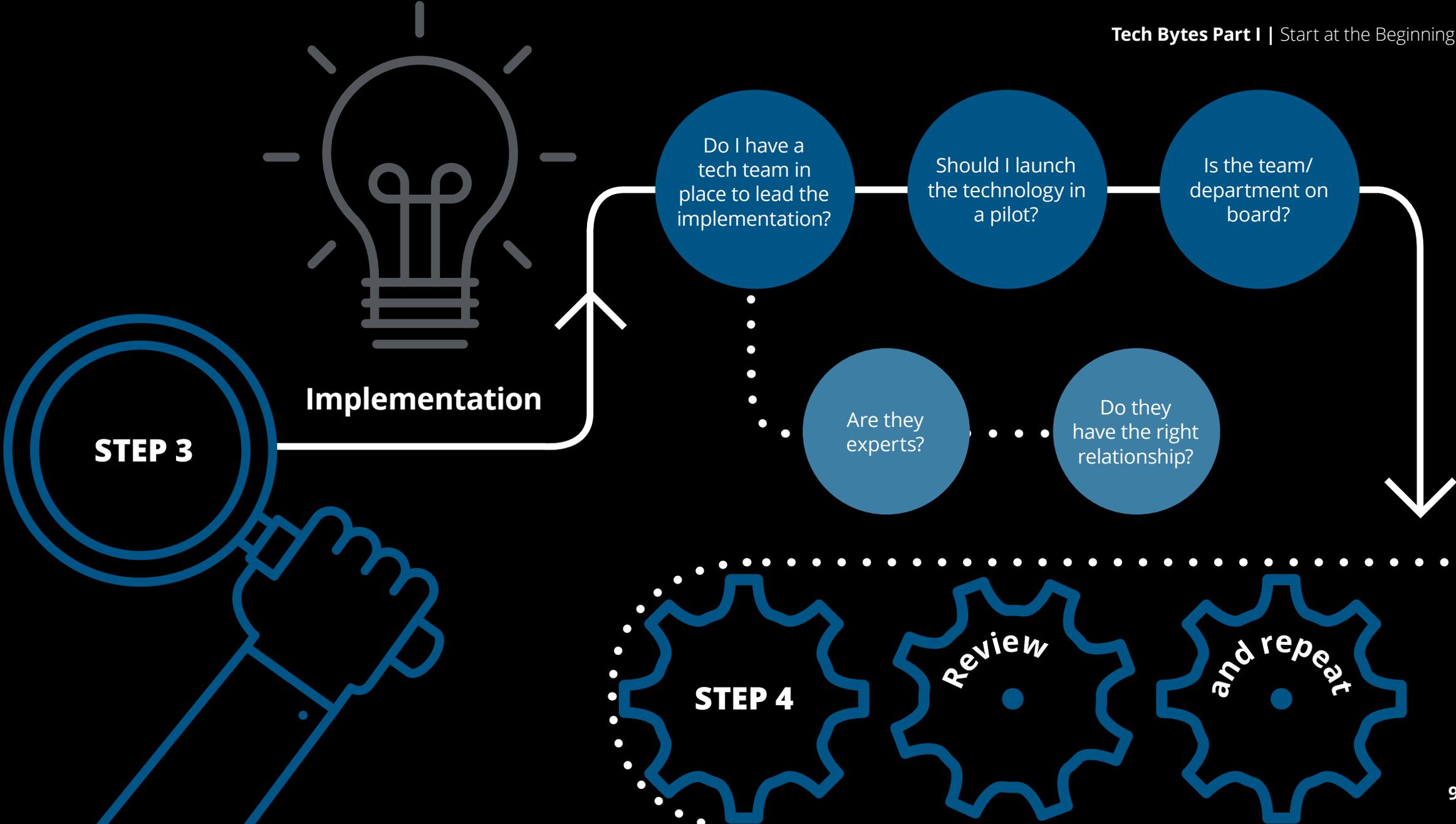


Risk sensing



Smart contract management

Does this solution help to solve my problem?

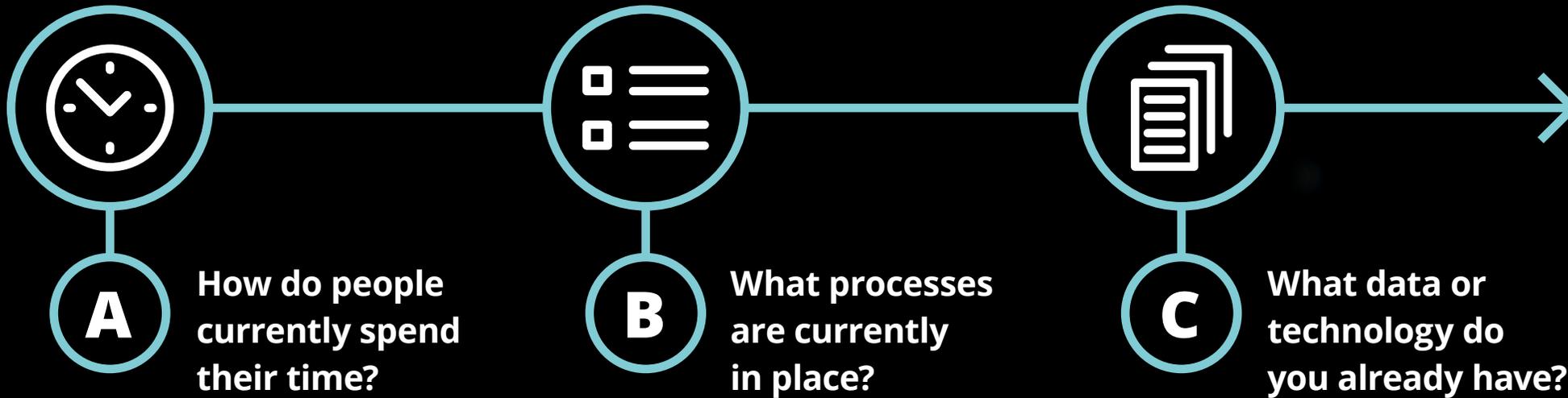


STEP 1

Initial considerations

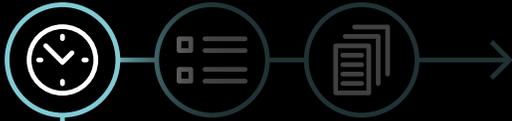
To understand which technology solutions might be best for your legal department, you must first know what problems you are trying to solve.

Ask three key questions:



STEP 1

Initial considerations (cont.)

**A** How do people currently spend their time?

When evaluating how people spend their time, consider having your team **track their time and tasks**. While this may not be a popular exercise, it can deliver valuable insights into your legal operations and help you identify existing effective practices, as well as areas of inefficiency or redundancy.



Combined with front-door tracking (i.e., logging incoming requests from the business), time and task tracking can also help you better understand what is being asked of the department, who is handling those requests, and how long it takes to respond.

These insights can lead to more efficient matter management—in some cases by shifting the responsibility back to the business and enabling lawyers to focus exclusively on high-value requests. Time and task tracking can also be used to identify missing or emerging skill sets that may be valuable to the department.

STEP 1

Initial considerations (cont.)



B What processes are currently in place?

When reviewing existing department processes, look for pain points:



Are contracts over-negotiated, even when they're of relatively low value?



Do high-level attorneys still review legal bills line by line?



What do attorneys and staff hate doing?

These types of processes are ripe for automation or other technology support. You may find that legal owns processes that are better serviced by another department, or not necessary at all. You may also discover a high degree of variation between similar processes performed by various legal teams, potentially resulting in wasted effort and resources and leading to inconsistent outcomes.

STEP 1

Initial considerations (cont.)

**C** What data or technology do you already have?

Finally, it's important to have a clear understanding of existing data sources and technology tools already at your disposal. Ask yourself:



If the data we now have were more effectively structured and accessible, would our legal team be able to derive and share more insights across the business?



Do existing technology tools adequately support the department's activities?

For example, you can extract data from your e-billing platform to help you set diversity and inclusion goals for your outside counsel and measure progress toward those goals. You may also want to look for technology that other departments in your company are using; it is sometimes possible to leverage that existing technology for use in the legal department with only minimal adjustment, allowing you to minimize the cost of technology implementation. Existing technology is often overlooked and underleveraged, so it may be a valuable resource that's readily accessible compared to implementing new capabilities.

STEP 1

Initial considerations (cont.)

A Case Study: Rishi Varma, General Counsel, Legal Department, Hewlett Packard Enterprise

When Rishi Varma and the HPE legal leadership team introduced time tracking, it didn't make them the most popular people at the water cooler. Yet four years later, the outcomes are remarkable. Motivated by the gradual erosion of the legal department budget from one year to the next, Varma knew he needed hard data to demonstrate that a continued negative trend in budget allocation would lead to a significant breaking point for the department and the company. He needed a way to quantify the value the legal department delivered.

His solution: time and task tracking.

Varma's quest for data wasn't the standard track-time-in-six-minute-increments model, and it wasn't driven by a big brother instinct. He felt strongly that it's not the time that's important. In fact, he said, "Measuring lawyer effectiveness by the amount of time logged is the least useful application of this data." Instead, he and the HPE legal leadership

team asked lawyers to track time in 30-minute blocks and gave each practice group autonomy over how they populated the drop-down tasks in their time-tracking tool. Identifying tasks appropriately was critical to the success of the initiative. In addition, Varma introduced a "front-door" tracking technology that enabled measurement of the types and frequency of commercial requests coming into the department from the business, as well as the initial response and completion times for those requests.

Varma used the resulting data to better understand where his internal team was more efficient than outside counsel on managing workstreams (for example, employment litigation). He was able to orchestrate faster response and completion times for high-value, strategic commercial requests and streamline the handling of low-value commercial requests by shifting responsibility for those back to the business. That result alone made both the business and the lawyers happy.

Additionally, Varma now employs time and task data to help with attorney development and identification of succession candidates. By having clearly defined core competencies for each group and level, attorneys can keep track of their own development, request experiences that might aid their future development, and seek new skill sets through new roles.

Today, Varma can point to concrete data that demonstrates more efficient deployment of outside counsel spending, more satisfied business partners, more engaged in-house lawyers, and higher quality training and succession. And, he uses the data to proactively manage the legal department's budget, the goal he initially set out to accomplish.

STEP 2

Technology enablers

Once you've identified the tasks that are highest value for the department, the process pain points and data stores that exist, and the technology tools you already have access to, it's time to think through other technologies that might be helpful if applied to your particular circumstances.

In subsequent *Deloitte Tech Bytes*, we'll explore some common challenges in-house legal departments face, as well as a few technology solutions that could help transform your organization, including artificial intelligence (AI) and analytics, risk-sensing technologies, and intelligent contract management.

STEP 2

Technology enablers (cont.)

Solutions in use

In-house teams that are already taking advantage of technology typically deploy it as follows:



Entity management providing a single source of truth containing information about each group member including shareholders, directors, and filing deadlines. Some tools also automatically execute corporate actions such as resolution drafting.



Knowledge management including statutes, precedents, court decisions, opinions obtained on behalf of the organization, and regulations applicable to the business. The best tools include search and analytics capabilities, and web scraping for changes to regulations.



End-to-end **contract management** enabling the workflow to be done outside the legal team, freeing up time, and including: automated creation from templates (using algorithms, not rules-based systems), editing and version control, electronic signatures, review and analytics to extract specific contract clauses, identify gaps, and produce insights, centralized document repository, management of obligations under the contract or license, and contract communication to visualize components of the contract.



e-discovery tooling for due diligence exercises and the disclosure phase of litigation, also used for document review and analysis and data segmentation.



Matter management including collaboration and workflow management tools with real-time status reports and documents in one place, and tools for managing ongoing cases, enabling effective litigation management, budgeting, and reporting.



Global Risk & Compliance (GRC) tooling combines components of knowledge management systems with matter management. Responsibility for GRC often sits outside Legal so this may fall outside the strict definition of legal technology.

STEP 2

Technology enablers (cont.)

Emerging technology**Artificial Intelligence**

Systems are taking advantage of AI to create highly standardized documents such as nondisclosure or confidentiality agreements, and robotic process automation for highly detailed but low added value, step-by-step tasks. Chatbots can provide easy access to information and make contracts interactive.

**Blockchain**

Through a linked data list, blockchain enables efficient recording of transactions between parties and may be considered secure by design. We have identified various domains for its application, including:

- Blockchain for Legal: for example, in the design and automation of contracts
- Blockchain for law firms: for example, for anonymous panels for alternative dispute resolution
- Legal for blockchain businesses: for example, advising on disputes, filings, trusted party, consortia management, and digital marketing
- Legal input to blockchain initiatives: for example, consortia using decentralized platforms.

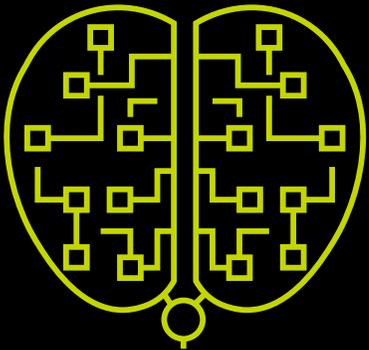
**Cloud**

The cloud enables applications to be run efficiently on third-party servers and connected to users' computers via the Internet removing the need for extensive in-house storage.

STEP 2

Technology enablers (cont.)

This series will take an in-depth look at these featured technologies in subsequent publications.



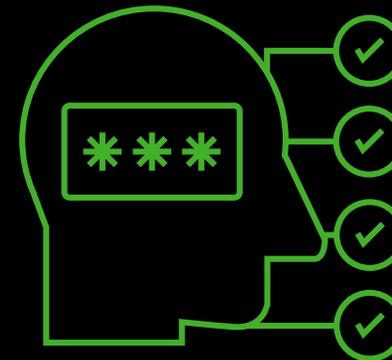
Artificial intelligence, analytics, and robotic process automation (RPA)

Use AI to create highly standardized documents and RPA for tasks that are highly detailed, repetitive, rules-based, and low added value.



Risk-sensing technologies

Amplify human insights by integrating advanced analytics capabilities to identify, analyze, and monitor emerging risks.



Intelligent contract management

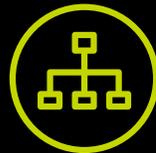
Extract the intelligence in your contracts to reduce cycle times, prevent risks, and eliminate avoidable losses.

STEP 3

Implementation basics

Over 70 percent¹¹ of legal departments report a conservative approach to new technology adoption, which makes a strong implementation plan essential to technology success.

Regardless of which solution is the best fit for your organization, *a few key implementation basics* will help guide your successful technology journey:



Build a strong technology team. You might build an internal team or consider outsourcing this responsibility. Either way, you want to make sure your team is focused solely on technology and has a solid understanding of the problem you are trying to solve and the mechanics of the technology you have selected. Technology enablement is less successful when it is led by someone who is wearing technology as one of many hats or is managing technology enablement “on the side.” Be sure this team has strong skill sets in technology implementation and a wide and diverse network of resources who have done this type of work before.



Plan globally but act locally. Piloting a new technology can be helpful. Start with a core group of enthusiastic users and allow this group to help work out any implementation or utilization bugs, then scale.

STEP 3

Implementation basics (cont.)



Take people with you. Organizational resistance to change can be a common challenge in technology implementations. Create and constantly communicate a compelling story of how this technology works and what's in it for everyone involved. For some people, interest will be strong—for others, not so much. Having a compelling “why” will help people get on board.

If you still face a lot of resistance:

- Figure out what people need to overcome their fear and respond accordingly. Is additional training warranted? Are they concerned that technology will make their roles obsolete?
- Keep the problem being solved at the forefront. Remind people that there could be an easier and/or more cost-effective way to do things—and, importantly, that doing things this new way frees up their own time and energy to work on projects that may be more interesting or valuable to them.
- Don't let perfect be the enemy of good. Technology won't solve all your problems, so be honest when setting expectations.

Finally, solicit feedback on the tool and the process, but be careful not to overcomplicate the tool in an effort to address all feedback.

STEP 4

Review and repeat

Regular maintenance and upgrades of systems are required to maintain functionality. As new challenges arise for the department, new modifications may be required. Be aware that over-modification can make a tool less user-friendly.

Sometimes restarting the process to introduce a new technology and sunset an older technology is the better option, so be sure to keep an eye on the market for new tools that may be better suited to your changing needs.

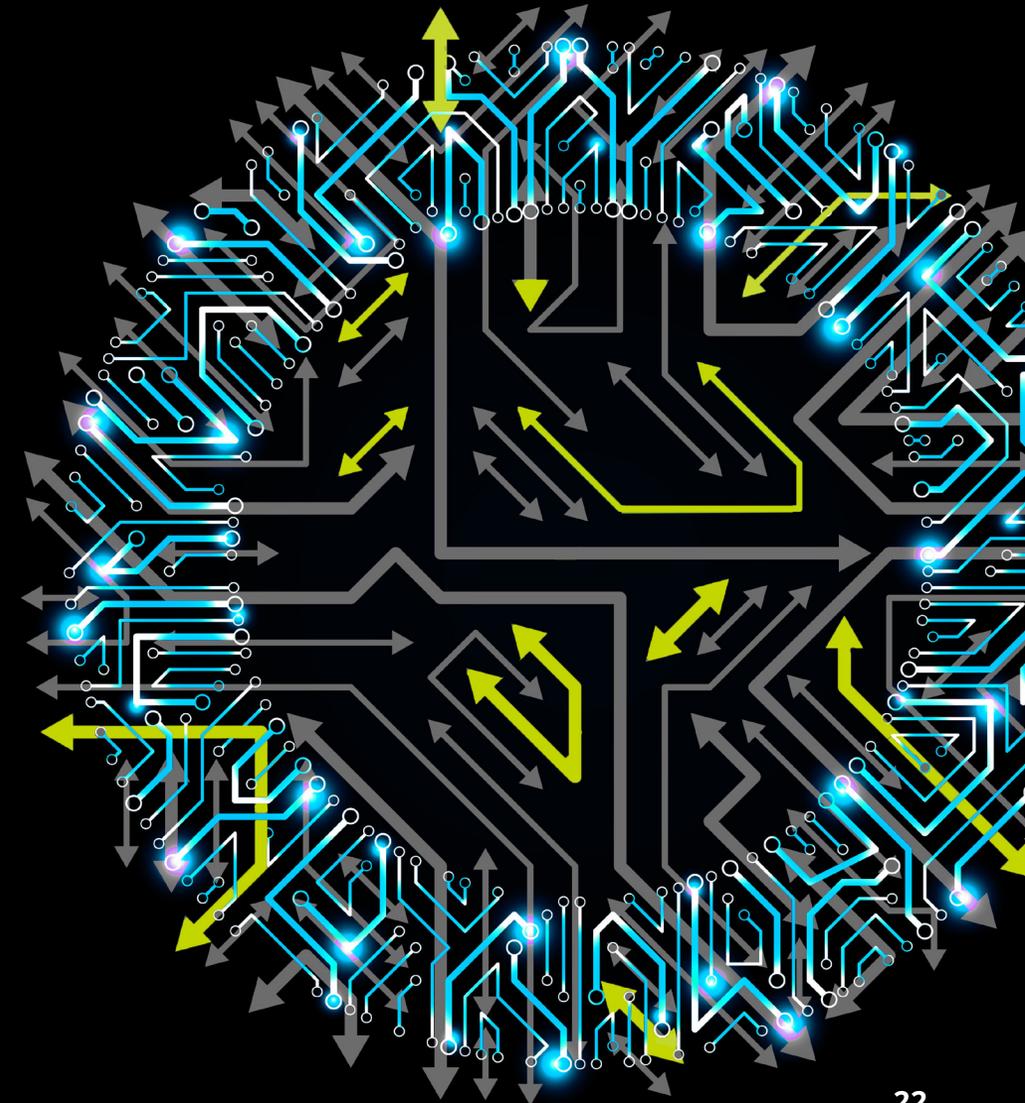
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Endnotes

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4. "Four faces of the chief legal officer," Deloitte Development LLC, 2019.
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