Redefining the Legal Services Value Chain

Abstract

Technology is transforming the legal industry across the value chain. According to consulting firm EY's Reimagining the Legal Function report for 2019, 33% of businesses are already outsourcing a wide range of legal function processes to alternative legal service providers (ALSPs) and a larger 41% are keen to do so.[1] This is pushing legal technology solution providers to leverage next-gen technologies such as cloud, artificial intelligence, machine learning, big data and analytics to enhance efficiency, boost customer experience and improve productivity.[2]

However, a significant number of small and medium-size law firms continue to operate on a traditional model due to the huge costs associated with technology transformation. This paper sheds light on how to enable low cost, effective, pay-as-you-go solutions across the legal services value chain.

[1]   EY; Why the legal function must be reimagined for the digital age; June 17, 2019; https://www.ey.com/en_in/tax/why-the-legal-funtion-must-be-reimagined-for-the-digital-age; Accessed Nov 16, 2020

[2]   Legal Talk Network; Highlights of the Wolters Kluwer 2019 Future Ready Lawyer Survey; April 26, 2019;https://legaltalknetwork.com/podcasts/digital-edge/2019/04/highlights-of-the-wolters-kluwer-2019-future-ready-lawyer-survey/;Accessed Nov 16, 2020

Enabling a Change Mindset

Lawyers in the past believed that they had to oversee and execute all legal work personally as every case is unique. Today, ALSPs are being increasingly used to manage in-house legal functions to improve regulatory risk and compliance services, mergers and alliances, due diligence, legal drafting services, litigation and investigation support among others. This is crucial to cut costs, access specialized expertise and improve customer service. In addition, they leverage technology to improve document management, billing and financial management while ensuring mobility, speed and enhanced business intelligence. However, law firms globally continue to face challenges in adopting technology, managing pricing, ensuring cybersecurity and improving operational efficiency all while growing existing business and fending off competition.

Next-gen technologies can help create a unique value chain by automating various processes of the legal services value chain while improving profit per partner (Refer Figure 1).
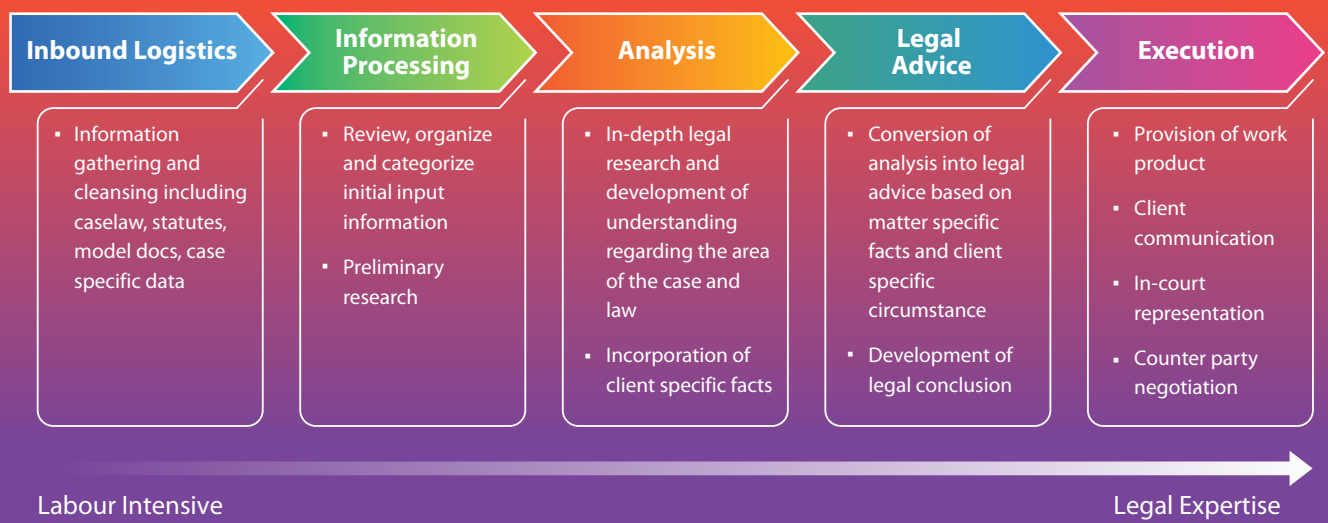
Inbound Logistics	Information Processing	Analysis	Legal Advice	Execution
• Information gathering and cleansing including caselaw, statutes, model docs, case specific data	• Review, organize and categorize initial input information • Preliminary research	• In-depth legal research and development of understanding regarding the area of the case and law • Incorporation of client specific facts	• Conversion of analysis into legal advice based on matter specific facts and client specific circumstance • Development of legal conclusion	• Provision of work product • Client communication • In-court representation • Counter party negotiation

Labour Intensive   Legal Expertise

Figure 1: Legal Services Value Chain

- Web scraping
- Content management system
- RPA
- AI, ML, NLP
- Image processing

Inbound logistics

Processing large volumes of data is costly and time intensive. Robotic process automation (RPA) and artificial intelligence can help automate repetitive and manual data ingestion processes. For instance, law firms can automate processes such as data capture, image processing and metadata capture from legal court orders (plaintiff, defendant, attorney general details, court name and location). Firms can also automate metadata extraction from mortgage documents to get accurate property details, grantor's name and such.

- RPA
- AI, ML, NLP
- Predictive coding

Information processing

Lawyers spend a significant amount of time in reviewing and organizing documents to extract key information to prepare for their case. Predictive coding may automatically process and prioritize documents for relevance review. It can also help attorneys prepare draft complaints which are well researched and supported by facts. Prediction models can predict chances of winning based on factors including availability of supporting information, the court and the judge. However, implementing predictive coding requires training of the system. A predictive analytics algorithm can leverage these different facts along with historical facts related to the court and judge to predict winning chances.

Analysis

It is important for attorneys to gain an understanding of the arguments that a specific judge or a court has used for a similar motion practice and the analogies that the judge accepts or rejects. Artificial intelligence, natural language processesing, cloud, big data and analytics can be used to maximize search result accuracy, get the right tradeoff between relevance and recall, and build solutions to quickly search and identify similar cases and facts.

- Search
- Visualization
- AI/ML
- NLP

Legal advice and execution

Digital technologies such as mobile applications and personal digital assistants can assist lawyers with the required support for legal advice and execution. For instance, a personal digital assistant can help lawyers to prioritize the case, record client meetings, and prepare a summary of cases by leveraging technologies such as voice to text conversion and NLP. In addition, machine learning can be used to predict a range of pricing estimates and winning probability, to prepare client updates based on court proceedings, and book meetings for attorneys and the client. At the same time, it can address standard client queries and leverage underlying powerful search engines to provide recommendations for references on similar cases.

A Five Stage Approach to Transformation

The transformation process begins with a value chain analysis. The journey for every individual firm will differ based on their maturity level and operating model. For instance, changes in people functions can be enabled by anytime, anywhere learning solutions on new platform capabilities, a helpdesk or a self-service solution. Similarly, process change requires strong governance and multiple sessions with users to understand their problems and explain the benefits of new processes and technologies. We recommend the following five steps to help with a smooth and comprehensive transformation:

Stage 1: Conduct as-is state maturity analysis

In the first stage, the firm needs to conduct an analysis of the current state of maturity. This requires defining the current conditions, identifying the problem statement at each level of the value chain, and leveraging Michael Porter's Five Force analysis to understand the market forces impacting the business.

Stage 2: Define goals

Define the goals that the firm wants to achieve.

Stage 3: Analyze

Following problem identification and goal definition, it is crucial to leverage different root cause analysis methods to arrive at the root cause. One of the most popular root cause analysis techniques is the 5 WHY analysis method.

Stage 4: Counter measure

It is also important to draw correlations with legal industry market forces and conduct root cause analysis of the problem statements to define a counter measure transformation plan. However, in many cases, organizations pick up a point problem and try to solve it without adopting a holistic approach to industry trends and understanding the root cause. The transformation roadmap helps align people, process and technology with the legal value chain and industry trends.

Stage 5: Execute and control

As you embark on the transformation journey, design thinking workshops and rapid prototyping play a key role. Choosing the right technology, right products and right vendor are very crucial at this stage.

At the same time, measuring business KPIs at each milestone is crucial to leverage timely benefits. Some of these business KPIs include:

- **Enhanced customer experience:** Reduced time for processing, faster billing, improved search result with relevant content, digital assistant, anytime-anywhere access features are going to enhance customer experience manifold.

- **Transparency on pricing:** Pricing is a major area of concern for legal services. The traditional billing is an hourly billing based on fixed prices, but alternative billing is fast gaining popularity. Pricing estimates predicted by leveraging AI and analytics will enable a more transparent pricing option in the future.

- **Pay-as-you-use pricing model:** Component driven systems need to be offered by legal technology solution providers so that law firms can pay as they use services.

- **Predictability on win:** Lawyers and clients can take a conscious decision on the case based on predictability on win.

- **Secured transactions:** Blockchain based immutable secured transactions help process documents safely and will reduce chances of fraud and mishandling of the client's confidential information.

Be the New Wave

According to Wolters Kluwer, 25% law firms are prepared to keep pace with changing client needs and 82% predict technology will transform the way they deliver the services. It is not surprising that 51% of corporate legal departments plan to increase their technology investments over the next three years.[3] This will help them to keep pace with the industry trends and also overcome some of the challenges posed by COVID-19 while deploying cost-effective and innovative methods to engage with end customers.

It is imperative for small and medium-sized law firms to do an in-depth as-is state analysis and decide on what is the right transformation strategy for them. This strategy must align with market trends and the multi-disciplinary demands of their clients. Legal companies need to go beyond core legal functions to stand out and gain a long-term sustainable competitive advantage.

---

[3]   Wolter Kluwer, 2020 Wolters Kluwer future ready lawyer: performance drivers and change in the legal sector, June 05, 2020, https://www.wolterskluwer.com/en/news/2020-wolters-kluwer-future-ready-lawyer-performance-drivers-and-change-in-the-legal-sector, accessed on December,10,2020

TATA CONSULTANCY SERVICES

About The Author

Saptarshi Das

Saptarshi heads the Advisory and Solutions function for Information Services and New Media segment, CMI, TCS. With over 19 years of experience, he drives organizational transformation initiatives focusing on innovation, agility and machine first culture. He is a domain expert in credit services, legal, publishing and education segments. He holds a Bachelor's Degree in Electronics and Telecommunication Engineering from the Institute of Engineering and Management, Kolkata, India.

Contact

Visit the Communications, Media & Technology page on www.tcs.com

Email: global.cmi@tcs.com

Subscribe to TCS White Papers
TCS.com RSS: http://www.tcs.com/rss_feeds/Pages/feed.aspx?f=w
Feedburner: http://feeds2.feedburner.com/tcswhitepapers

About Tata Consultancy Services Ltd (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at www.tcs.com

Experience certainty.   IT Services
Business Solutions
Consulting