



LEGAL GATEWAY

Why Legal Tech Fails

THE TOP 8 MISTAKES GCS MAKE

Introduction

After many years of under-investment in technology, GCs are finally joining the party. Sadly, many of them are setting themselves up for a hangover.

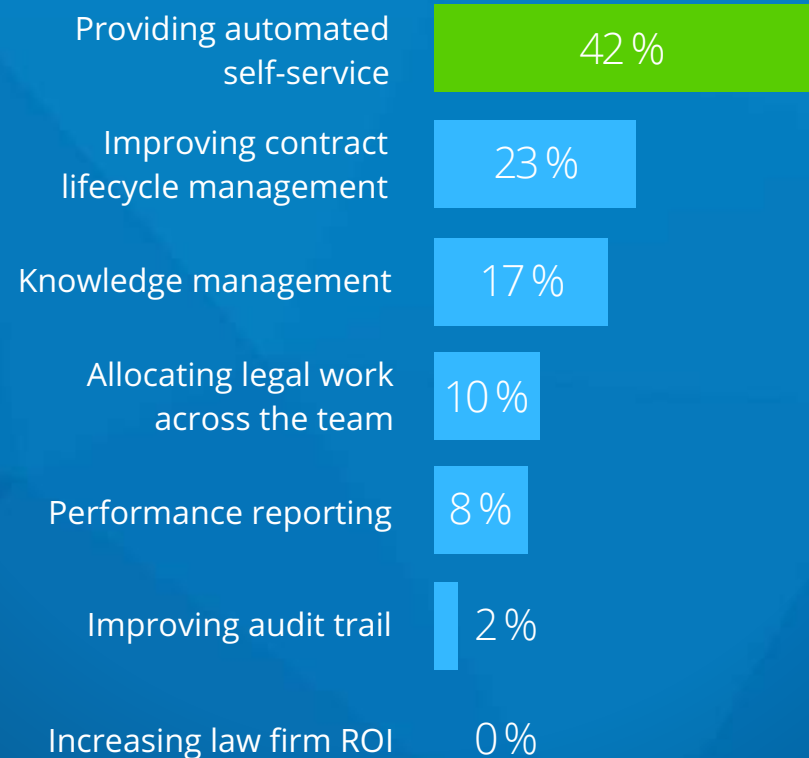
Our recent research into Legal Transformation suggests that general counsels will increase investment in technology by 252% in the next two years. Yet, limited technology competencies will lead most to frustration and failure.

252%

*increase of investment
in legal tech by 2019*

Based on our research and interviews with 100 legal functions, we have identified the top 8 traps GC's have fallen into.

What challenge would you most like technology to solve?





01

They are
legal luddites

Legal Luddites

Most GC's trained in law firms where the dictaphone was the leading technology enabler. Hence, it's little surprise that their understanding and investment in technology falls far behind their peers in other centralised functions (Finance, HR, Procurement etc.)

The era of the 'analogue legal function' is now over. The only way GC's can support the ever-increasing demand for 'faster, better, cheaper' legal services is to leverage automation and technology.



Research by The General Counsel Roundtable shows technology-enabled self-service tools are not only the greatest driver of legal productivity, they are also the greatest opportunity to improve end client satisfaction.



02

They try
to build it
themselves

DIY Legal Tech

Naturally, when a GC wants to embrace technology they reach out to the IT function.

However, well-intentioned IT business partners often come to the discussion with two significant biases:

1. They have a directive from the CIO to reduce support costs by limiting the introduction of new technology.
2. They would love to build something – corporate IT folks feel they spend their days doing boring stuff like support, security, and integration; while their friends in startups are building cool stuff every day.

As a result, the legal function then spends 9 months trying to take a square peg (like SharePoint) and make it fit a round hole. Then they find that no-one will use it, and the IT function won't support it. When they could have licensed a fit-for-purpose SaaS product off the shelf at a fraction of the cost.



If you find yourself saying the words 'bespoke' and 'technology' together, slap yourself. The sting will be far less painful than trying to build a DIY legal tech solution.

A grayscale photograph of the Jefferson Memorial in Washington, D.C., featuring its iconic dome and classical columns. The image is dimmed to serve as a background for the text.

03

They buy
technology
built **for** law
firms

Technology Built for Law Firms

In comparison to the vendor ecosystem serving other functions, the legal technology landscape is terrible. The reason?

95%

*of legal tech vendors
focus on law firm
profitability*

Historically 95% of legal tech vendors have been focused on increasing the profitability of law firms. Hence, the software translates incredibly poorly for the needs of corporate legal teams (or end clients). You can see this reflected in the pricing models they use (predominantly 'seat licenses') – making it uneconomical to provide 'self-service' to the business.



Hint

If it's clear from the vendor's website they are selling to law firms, keep a wide berth.



04

They buy
technology
built **by** law firms

Technology Built by Law Firms

If you've only ever procured services from one type of vendor (e.g. law firms) it is natural to think you should buy all your services from that vendor. However, before you do, ask yourself:

“ *Has this law firm demonstrated a track record of delivering cost effective, innovative legal services?* ”

If the answer isn't an emphatic yes, the probability of them delivering innovative, cost-effective technology solutions is very low.



If an organisation doesn't have a minimum 30% of its people focused on a difficult competency (like technology) it is improbable that they will build a market leading solution (or sustainable business).

A teal-colored scooter is shown from a front-three-quarter view, slightly out of focus. A large, white, sans-serif number '05' is overlaid on the left side of the image, partially covering the scooter's headlight and handlebars. The background is a blurred street scene with trees and buildings.

05

They allow their
technology strategy
to be driven by
other functions

IT Strategy

Legal is often the last function in the business to adopt technology.

As a result, a number of legal functions have found their 'technology strategy' is dictated to them by functions such as Procurement or Finance. Invariably these tools are not designed to solve the needs of a legal function and often create more work for the lawyers.



Ten years ago the trend was to move to enterprise-wide deployments of ERP systems (such as SAP). That trend is rapidly reversing (largely as a result of the rise of Application Program Interfaces (APIs), organisations are now moving to a 'best-of-breed' approach – using API's to push data from one functionally specific solution to another.



06

They adopt
(**outdated**) contract
assembly, over
contract automation

Contract Assembly vs. Automation

Could you imagine an ATM that requires a teller to operate it? That is contract assembly.

Contract assembly is like going from a horse and cart to a locomotive, a step forward in terms of speed, but it requires an expert to drive it and only takes you to a few predefined destinations. This works fine for law firms (assisting lawyers to draft), but almost never works for in-house teams.

To achieve self-service on lower value tasks legal functions require the next evolution – document automation. It's the difference between a locomotive and a driverless car. A driverless car will be able to take you anywhere you want to go, faster, safer, and cost effectively.



This is a good example of failure 3 (adopting law firm technology). To deliver 'more-for-less', legal functions need to adopt automated self-service.

07

They buy
into the AI –
Hype Cycle

Artificial Intelligence

It's a compelling idea, isn't it? AI can solve all my woes. Unfortunately, to date, artificial intelligence (in the legal industry) has been high on artificial, low on intelligence.

Although AI will have enormous implications for the legal industry over the long-term, even IBM's Watson is not mature yet. Sadly, as one of the world's top Legal Tech CEO's said recently:

“ Law Firms seem to be using AI to write press releases, not legal work ”

Every legal AI announcement we have seen is either (a) not AI (and probably a case for misleading and deceptive conduct) or (b) a light version of machine learning that is yet to deliver a consistently accurate outcome.



If someone is trying to sell you 'AI'. Ask them to explain why this is AI, who is successfully using it, and check a reference. If it works, you will no doubt find it is not AI, and if it doesn't it – you have avoided the hype cycle.



08

They adopt
technology in an
isolated fashion

Isolated Technology

The business wants self-service tools, the lawyers want document assembly, and the GC wants a document/matter management system. So, over time, the function procures these systems and then spends all their time entering data to maintain them.

The problem with this 'fragmented' approach is it is like building train stations out across the country without any tracks leading into them and wondering why no one uses the stations.

20% → 50%

*Legal Management
System adoption
in 2017*

*Legal Management
System adoption
in 2020*



Research by Gartner estimates the adoption of legal management systems (platforms that comprise self-service, matter management, contract management, and matter management in integrated fashion) will rise from 20% to 50% of GC's across the next three years.

Conclusion

Our work on Legal Transformation makes clear that the most progressive GCs are rapidly moving to a 'digital legal function'. Yet, too often 'What we learn from history is that people don't learn from history'.

GCs who choose to learn from the mistakes of their peers are far more likely to survive 'the transformation trap' that technology presents, and move to a legal function of the future.

See [Legal Gateway](#) for more on legal technology.

- 01 Legal luddites
- 02 Do-it-yourself legal tech
- 03 Tech built for law firms
- 04 Tech built by law firms
- 05 Tech strategy driven by others
- 06 Contract assembly vs. automation
- 07 AI - hype cycle
- 08 Isolated technology



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