

# How Information Technology could Transform the Legal Industry over the Next Decade

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The role of information technology (IT) is changing rapidly for in-house legal departments and law firms. Constant and accelerating innovation is already delivering intelligent systems that can – for example – identify salient information from a wealth of case related information and interrogate and analyse characteristics and outcomes of past insurance disputes to predict the likelihood of legal success for current claims. Legal clients are becoming savvier around the cost efficiencies that IT can deliver. As a result, they are auditing legal providers' IT systems and assessing the IT capabilities and proficiency of the individual lawyers assigned to their account.

Rapid IT advances are also enabling the creation of new strategies, business models, collaborative working arrangements, virtual law firms and service delivery models. A quick look to the future highlights several emerging technologies that could transform every aspect of the legal sector. Coming over the horizon are developments offering the promise of automated capture of every image and conversation, intelligent virtual assistants to guide in house counsel and external lawyers, wearable technologies and widespread adoption of artificial intelligence in every aspect of the legal value chain.

*So what are the critical technologies that will shape the future of the legal sector and how should in-house legal departments and law firms be preparing for them?* My firm Fast Future Research has been commissioned by the International Legal Technology Association to help explore and address these questions

The findings suggest the next 10-15 years will be characterized by continued global economic turbulence and uncertainty, with a significant shift of wealth, influence and power to emerging markets. The nature of every business sector will also continue to be transformed by factors such as shorter and faster business cycles, talent mismatches, disruptive innovation, and accelerating diffusion of advances in science and technology. The effective use of technology is seen as critical both in responding to these forces and in the generation of new commercial opportunities and business models for customers and law firms alike.

These global business drivers are coupled with key legal sector forces such as growing client demands for transparency, information and innovation. At the same time, greater regulatory scrutiny and complexity in most markets and growing concerns over security, data protection and data privacy issues are driving a clear focus on the scope, functionality, quality, reliability and security of the IT systems, databases and communications networks used by in-house legal functions and external legal services providers. In parallel, intense price competition, commoditization, alternative business structures, disruptive new market entrants, demographic shifts and changing customer expectations are changing the nature of the relationship between clients and their law firms. Collectively, these forces are driving the need to rethink the strategies, business models, structures and operations of in-house departments and law firms.

In this evolving legal landscape, there is a growing recognition that technology will play an increasingly central role by streamlining legal processes, enhancing client-supplier relationships, creating future sources of commercial benefit as both a value chain enabler and value creator, with a focus on data driven insight. Technology is also facilitating the move toward more online delivery of services and enabling new types of structures with different business models for in-house units and providers. Indeed the boundaries between in-house and external service firms may blur quite dramatically with individual lawyers moving between them quite fluidly.

Faced with continuing business change and legal sector transformation, six key themes are emerging around the role of technology in tomorrow's legal function and enterprise:

- The technology environment will be characterized by the "Internet of Things", social media and "social listening", smart environments, a more immersive multisensory intelligent Internet, increasingly sophisticated data gathering and analysis technologies and widespread penetration and adoption of Artificial Intelligence (AI)
- End users will increasingly be mobile, supported by intelligent digital personal assistants and 'Lab on a chip' devices and use wearable technologies enhanced with Augmented Reality (AR) and holographic displays.
- Devices will offer AI-enabled smart interfaces, automatic language translation, and support user interaction via gestures, language and thought.
- Customer service delivery could be enhanced through deep collaboration environments, portals providing a tracking dashboard and total transparency on the status of individual legal matters, shared databases, telepresence robots, advanced videoconferencing, touchable holograms, novel data handling tools and sophisticated security technology.
- Legal function and law firm processes could be transformed through developments in AI, knowledge management, smart data capture and analysis, predictive analytics, intelligent document production systems, video mining, integrated analytics and true "gamification". Emerging technologies could bring about dramatic changes in the way cases are conducted and information is analyzed and presented back to clients.
- At the IT management level, the Cloud will be used for infrastructure, applications, development and data. Priorities for IT management will shift from production to innovation, developing "next level" services, sense making, and evolving the IT staff profile, skill sets, management focus and alignment. For in house functions a dedicated IT and knowledge manager will become an increasing priority.

Whilst some in house functions and law firms are alert to and embracing the transformative potential of IT, others are struggling to stay abreast of the changes and showing reluctance in many cases to embrace the opportunities. Whilst cost is an inevitable concern, the reality now is that there is no alternative to embarking on a fundamental exploration of how technology could impact every aspect of our work. Education of staff at every level and managed but accelerated experimentation are now critical enablers to taking full advantage of the potential IT offers over the decade ahead.

The full results of the study were published in May 2014.

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