

The GC edit – trends and transformations in digital, data, AI and legal operations for in-house teams

CPD Legal Studio

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Prepared by

Ashish Das
Partner, Technology Consulting
ashish.das@minterellison.com

Mollie Tregillis
Head of Legal Optimisation
mollie.tregillis@minterellison.com

Agenda

Part 1:

What's new in the Digital & AI Landscape – navigating a cluttered market and setting yourself up for success

- The rise and rise of automation
- A real picture of where AI capabilities are at
- The importance of having "clean" data
- Some recent case studies

Part 2:

Optimising your legal team function – people, process and technology

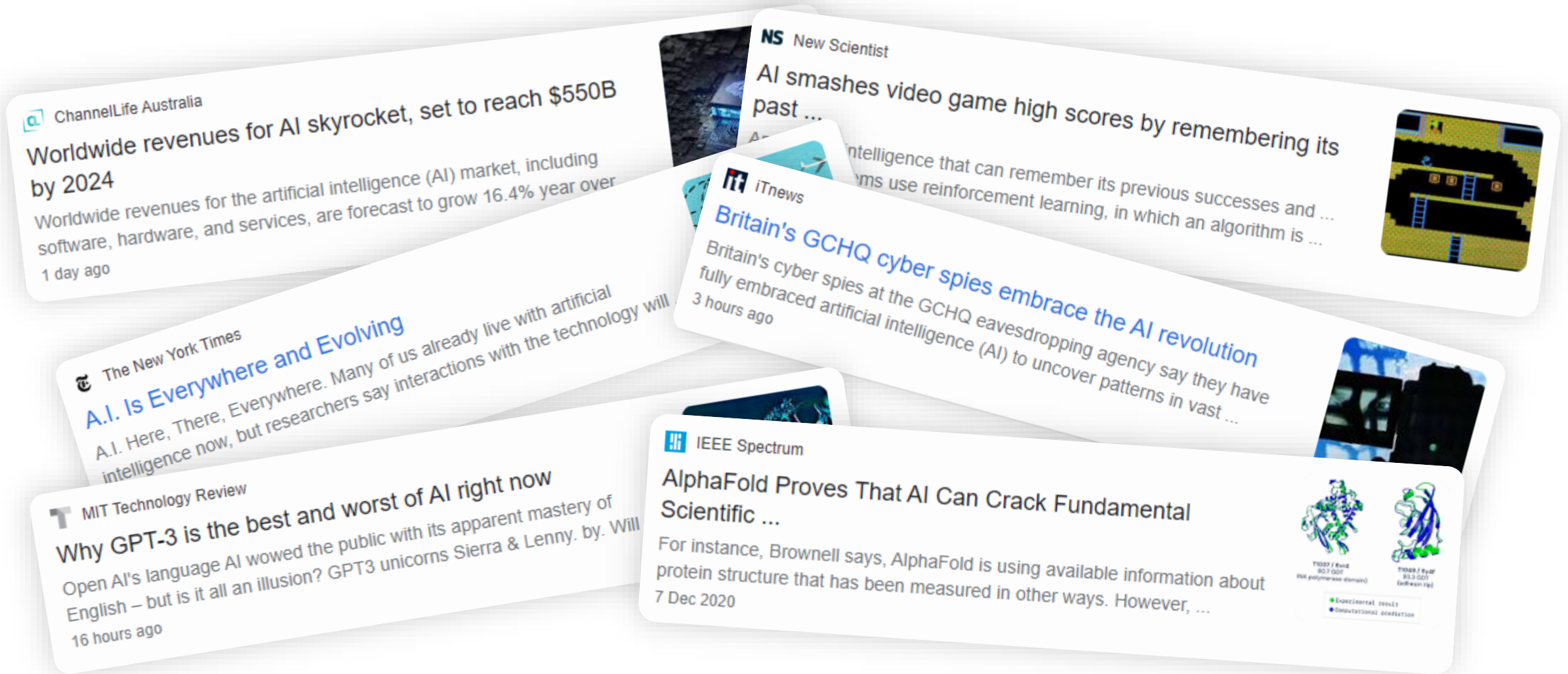
- People – how to find your internal champions for innovation and change
- Process – developing a continuous improvement mindset around your key processes
- Technology – the challenges and opportunities of digital transformation



01

What's new in the Digital & AI Landscape

So Much Hype | What's making headlines in AI



So Much Hype | What's making headlines in AI

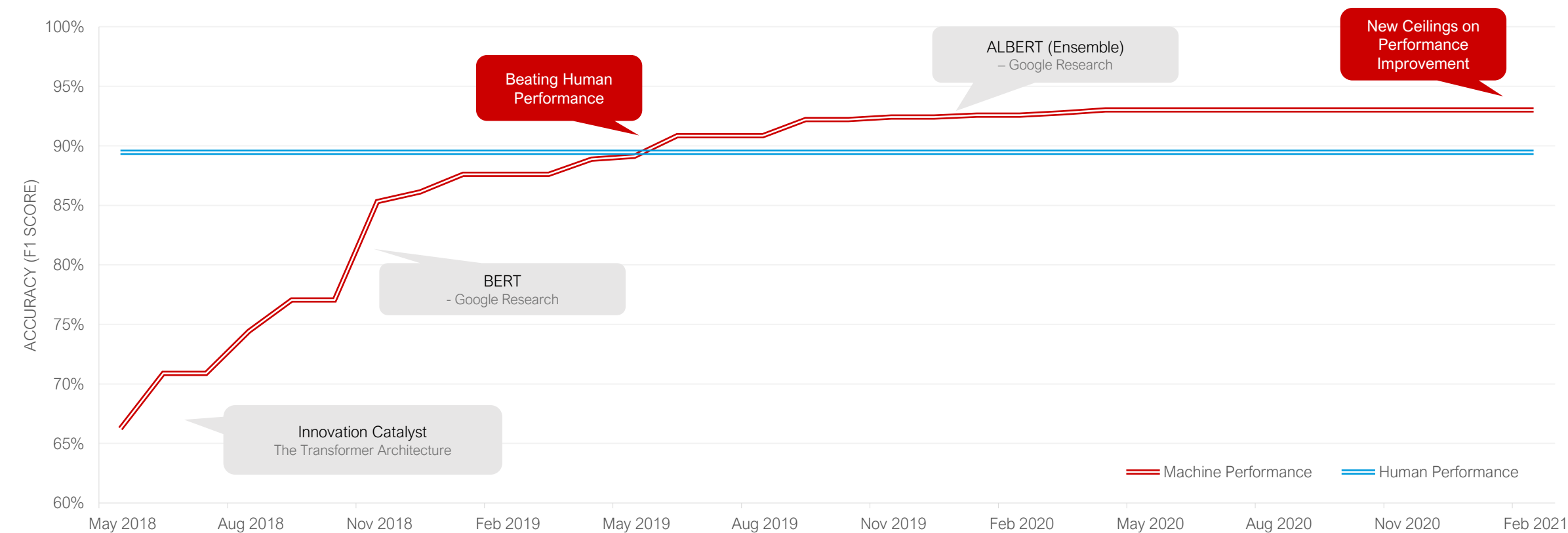
“Using a commercial AI cancer detector to triage mammograms into no radiologist assessment and enhanced assessment could potentially reduce radiologist workload **by more than half**, and pre-emptively detect a substantial proportion of cancers otherwise **diagnosed later (up to 35%).**”

THE LANCET

Effect of artificial intelligence-based triaging of breast cancer screening mammograms on cancer detection and radiologist workload: a retrospective simulation study, The Lancet, September 2020.

So Much Hype | What's making headlines in AI

SQuAD 2.0* | A Closed Domain Question Answer Comprehension Benchmark



* Stanford Question Answer Dataset ('SQuAD 2.0') is a crowd sourced dataset of 150,000 question and answer pairs created from Wikipedia articles. A third of the dataset includes unanswerable questions, further testing the participants comprehension.

So Much Hype | What's making headlines in AI

“GPT-3 alone is estimated to have a memory requirement exceeding 350GB and training costs exceeding \$12 million USD.”



<https://venturebeat.com/2020/06/11/openai-launches-an-api-to-commercialize-its-research/>

“And to be clear, training deep learning models is not a clean, one-shot process. There’s a lot of trial and error and hyperparameter tuning that would probably increase the cost several-fold.”

TechTalks

<https://bdtechtalks.com/2020/08/17/openai-gpt-3-commercial-ai/>

The Quality of Your Solution Is Also Defined By Your Data

Case studies into the pitfalls of IT Projects in Artificial Intelligence and Machine Learning.

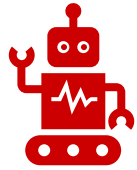


**IBM's "Watson for Oncology" Cancelled
After \$62 million and Unsafe Treatment
Recommendations**



**Amazon scraps secret AI recruiting tool
that showed bias against women**

Reasons Why Artificial Intelligence Investment Fails



**Technology over
Problem Centric
Thinking**



**Data Quality
Roadblocks**



**Failure to Balance
Cost with
Complexity**

Removing The Hype | Artificial Intelligence in Practice

“In theory, theory and practice are the same. In practice, they are not.”

Albert Einstein



State of the Art results aren't always commercially viable



Data quality issues limit the effectiveness of AI / Machine Learning



Not all models are the same

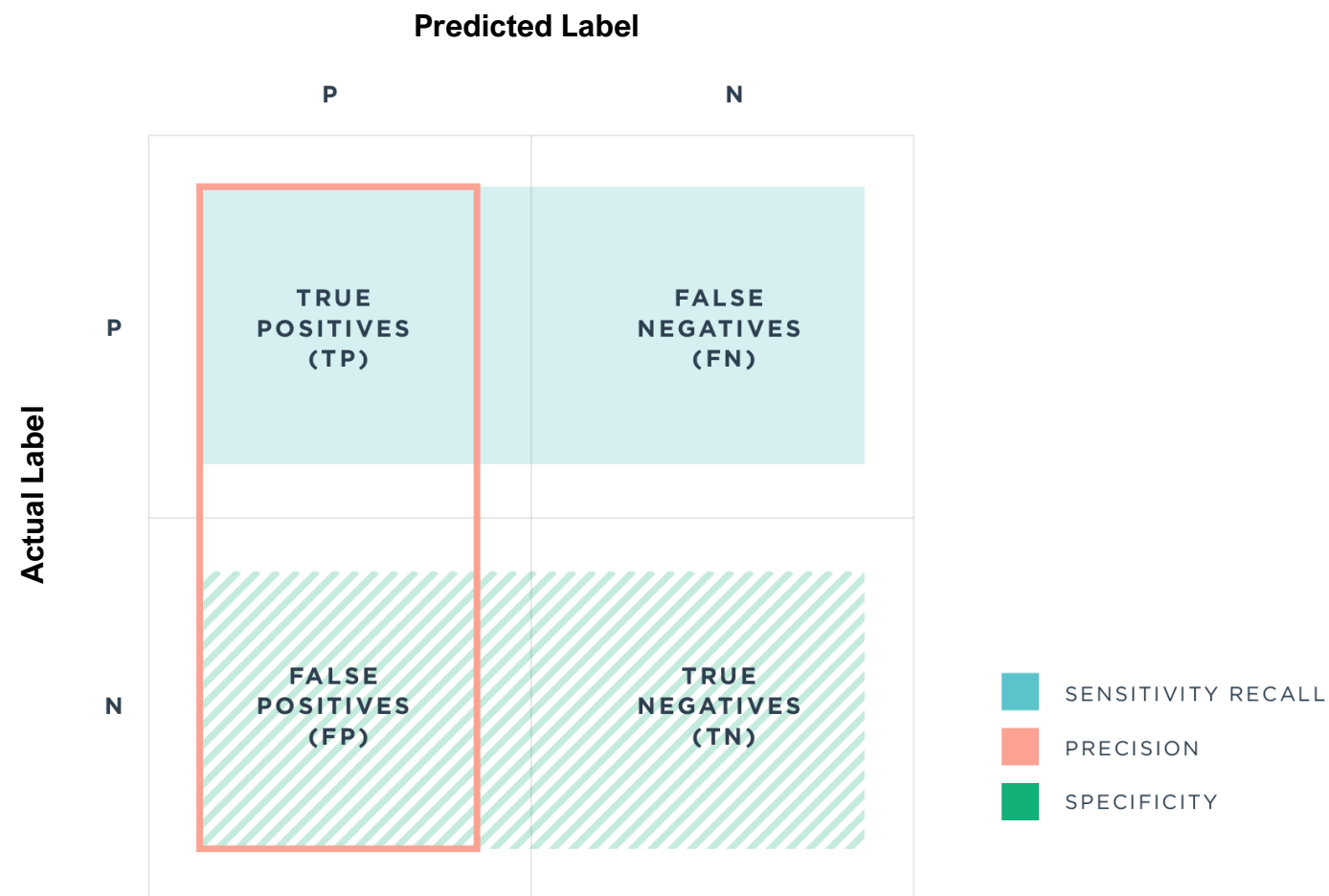


Understanding your data will dictate your success



Define service standards / acceptance based on valid metrics

Removing The Hype | Artificial Intelligence in Practice



Removing The Hype | Artificial Intelligence in Practice

$$F_1 = \frac{TP}{TP + \frac{1}{2}(FP + FN)}$$

Removing The Hype | Artificial Intelligence in Practice

The diagram illustrates the F1 score formula, $F_1 = \frac{TP}{TP + \frac{1}{2}(FP + FN)}$, with three red callout boxes explaining the components. The top box points to TP, the bottom-left box points to FP, and the bottom-right box points to FN.

When tested, the number of times the AI correctly identifies the target label






$$F_1 = \frac{TP}{TP + \frac{1}{2}(FP + FN)}$$

When tested, the number of times the AI applies a label incorrectly

When tested, the number of times the AI does not apply a label, but it should have

Your Solution is Defined By Your Problem and Data

Understanding the AI landscape in reference to the types of data you are dealing with and problems you wish to solve.

| Problem | Data Type | Solutions | Legal Operations |
|---|---|--|--|
| How can I create insights from my internal databases to improve operations? | Structured Tabular Data  | Prediction (Regression/Classification) (e.g. Data Robot, Google Cloud AutoML and H2O.ai) | <ul style="list-style-type: none"> • Legal Analytics • Contract Data Clean-up (Imputation, Outlier Detection) • Financial Impact of Decisions • Predicting Response to Potential Actions |
| How can I automate data extraction from documents? | Images, PDF Documents etc  | Computer Vision (e.g. Google Cloud Vision, AWS Textract and Azure Computer Vision) | <ul style="list-style-type: none"> • eDiscovery • Contract Review • eBilling |
| How can I automate text processing for simple tasks like basic comprehension or document / clause classification? | Text  | Natural Language Processing (e.g. Google Cloud Natural Language, Azure Text Analytics, AWS Comprehend and HuggingFace) | <ul style="list-style-type: none"> • Contract Management • Legal Analytics • eDiscovery • Legal Research • Contract Due Diligence |
| How can I learn what processes are actually being followed within my organisation, my suppliers, or my customers? | Event Data, Log Data (e.g. Email, Document Change History, ERP Change History)  | Process Mining | <ul style="list-style-type: none"> • Process Mapping (Business and Legal) • Process Optimisation • Risk Identification • Incident/Dispute Resolution |
| How can I predict the likelihood and impact of a risk in response to ongoing dynamic change? | Mixed (All of the above)  | Combination of the above | <ul style="list-style-type: none"> • Proactive Risk Management • Third Party Risk Review • Quantification of Risk |

Case Study

Case Study: Automatic Identification of Unfair Contract Terms

WHY

In anticipation of impending changes to Australian legislation, ME collaborated with a major Australian Insurance provider on a pilot to use AI technology to identify potential unfair terms in their PDS suite,

HOW

ME developed a technology assisted review process that utilises Luminance allowing the team to scale this review to a larger suite of documents.

Impact

1. **Prediction of over 850 hours in time savings (around 37% time save required to perform end to end review)**

WHAT

Once 'trained', Luminance can automatically tag potential issues across the remaining PDSs and junior reviewers can confirm Luminance's findings and escalate any potential issues,

Outcome

As a result of the successful pilot, the provider engaged ME to review their full PDS suite supported by AI technology.

Success Factors

1. **Client collaboration**
2. **Pilot approach**
3. **Realistic expectations of tech solution**
4. **Cross-functional project team**



02

Optimising your legal team function – people, process and technology

Setting the scene

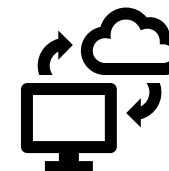
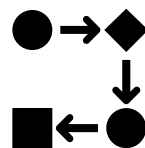
“After you've done a thing the same way for two years, look it over carefully. After five years, look at it with suspicion. And after ten years, throw it away and start all over.”

- Alfred E. Perlman

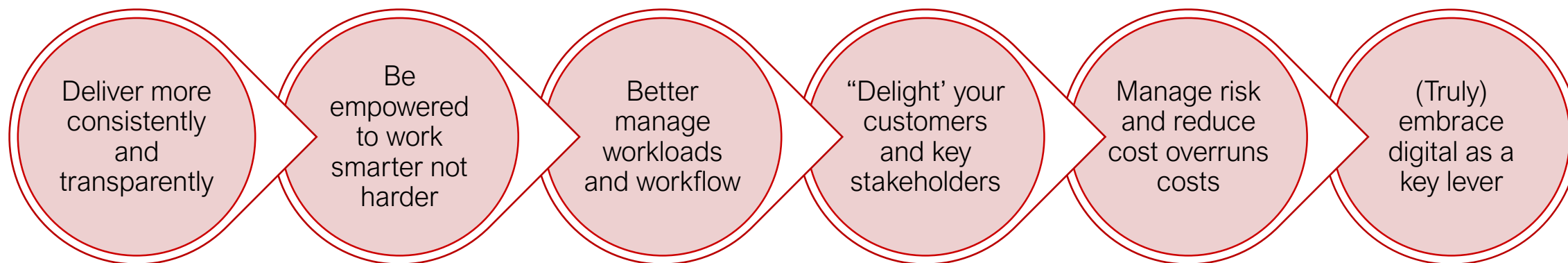
Optimising your legal team function

- The Times They Are (Keep) A Changin' – dynamic industry & digital disruption continues to shake things up
- Traditional approaches to legal delivery are no longer effective on their own (some might say, at all!)
- Optimisation & CI – once 'nice to haves', now core to a successful legal function (in-house or private practice)
- Multi-disciplinary agile teams rule the roost, silos are out
- Clients, internal and external, want-demand improved transparency, legal workflow to be digitised and ongoing efficiencies built into every matter

Optimisation - People, Process, Technology



Connecting the right people, best practice processes, and smart technology (in that order) so that your team can...



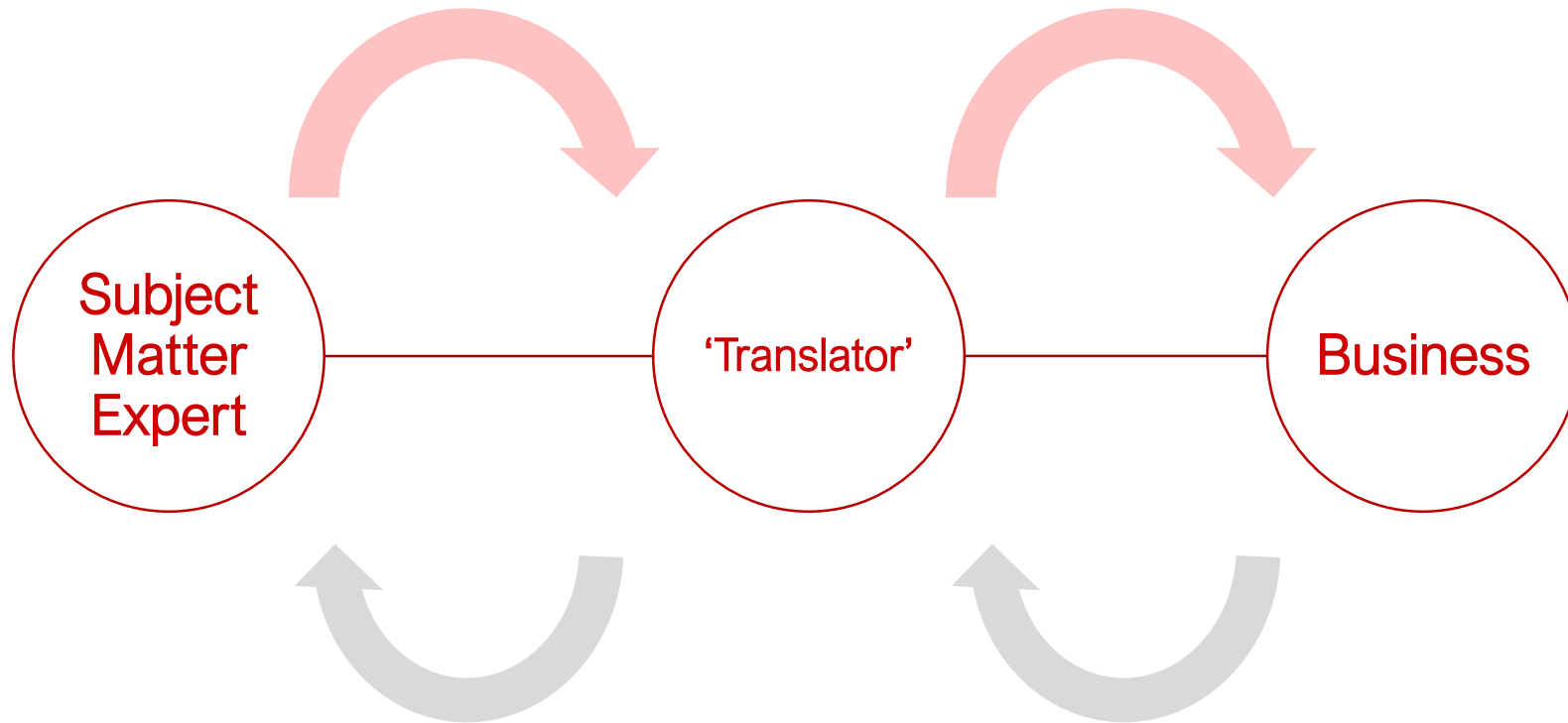


People

How to find your internal champions for
innovation and change

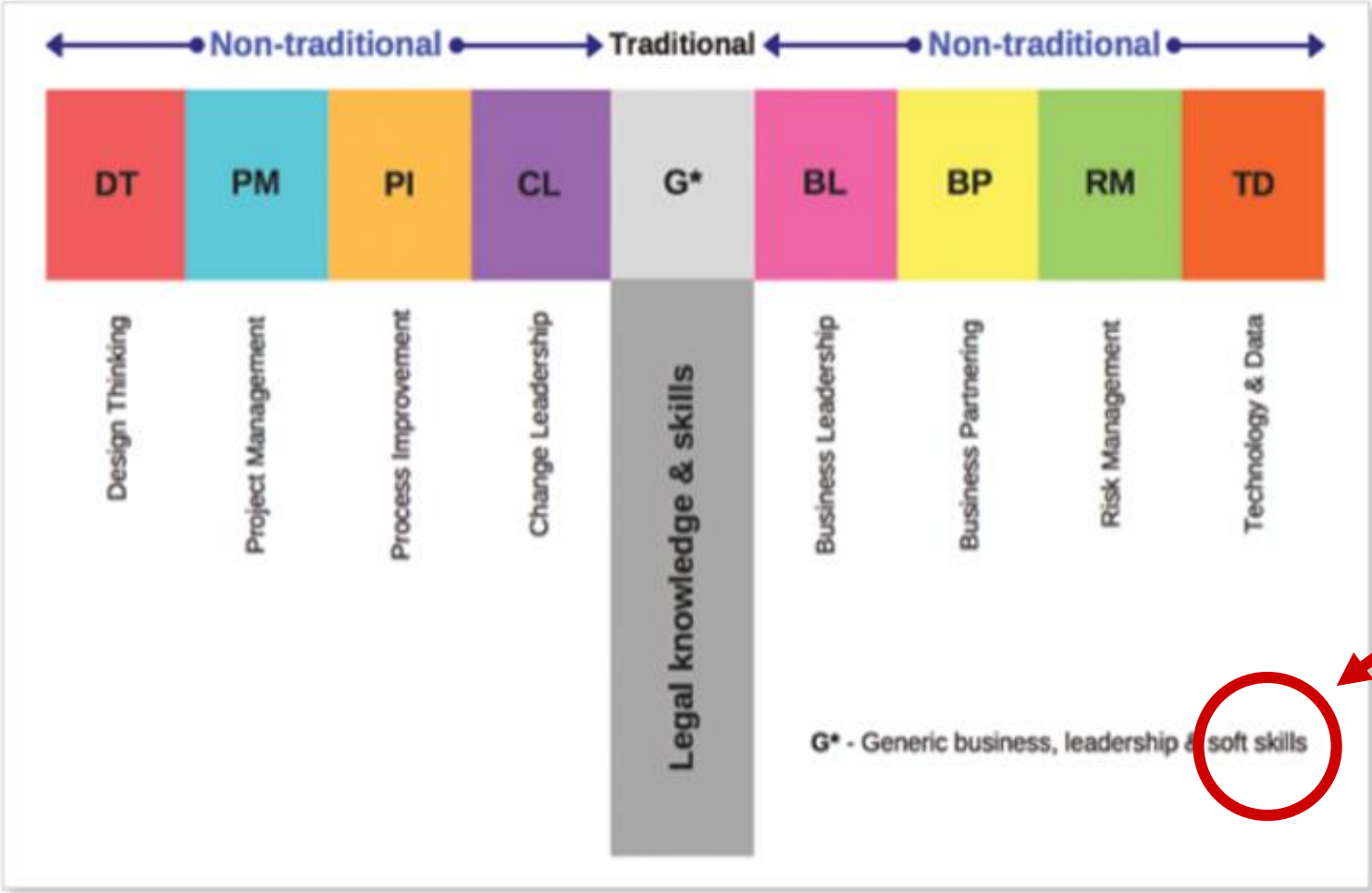
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People – the critical intermediary role

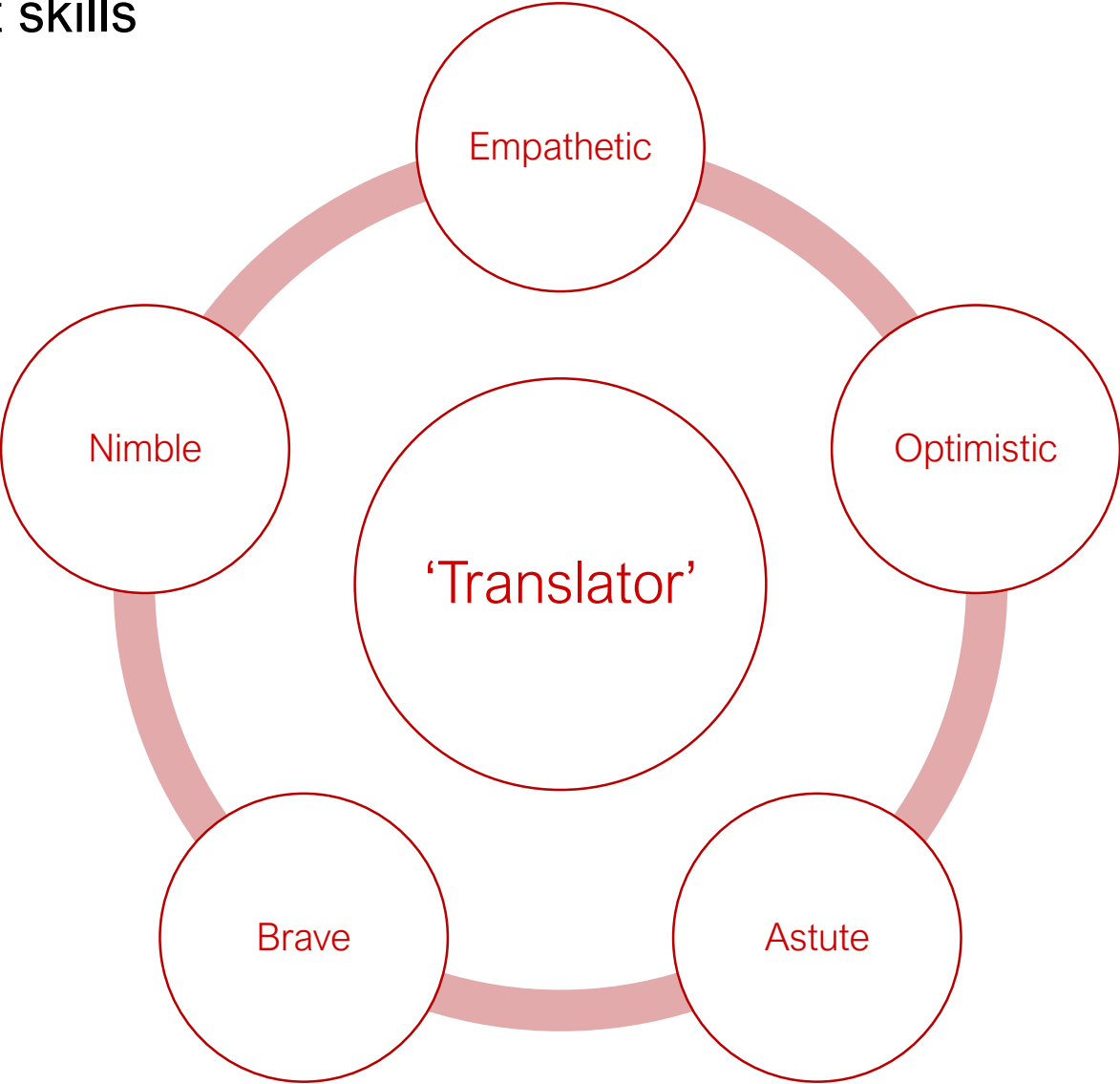


People

The T-Shaped Lawyer Critical Skills For Innovation & Collaboration

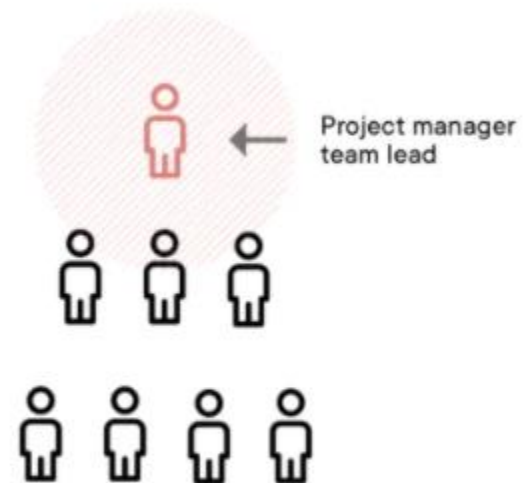


People – ‘Translator’ soft skills



People – Agile principles

Traditional Teams



Agile Teams





Process

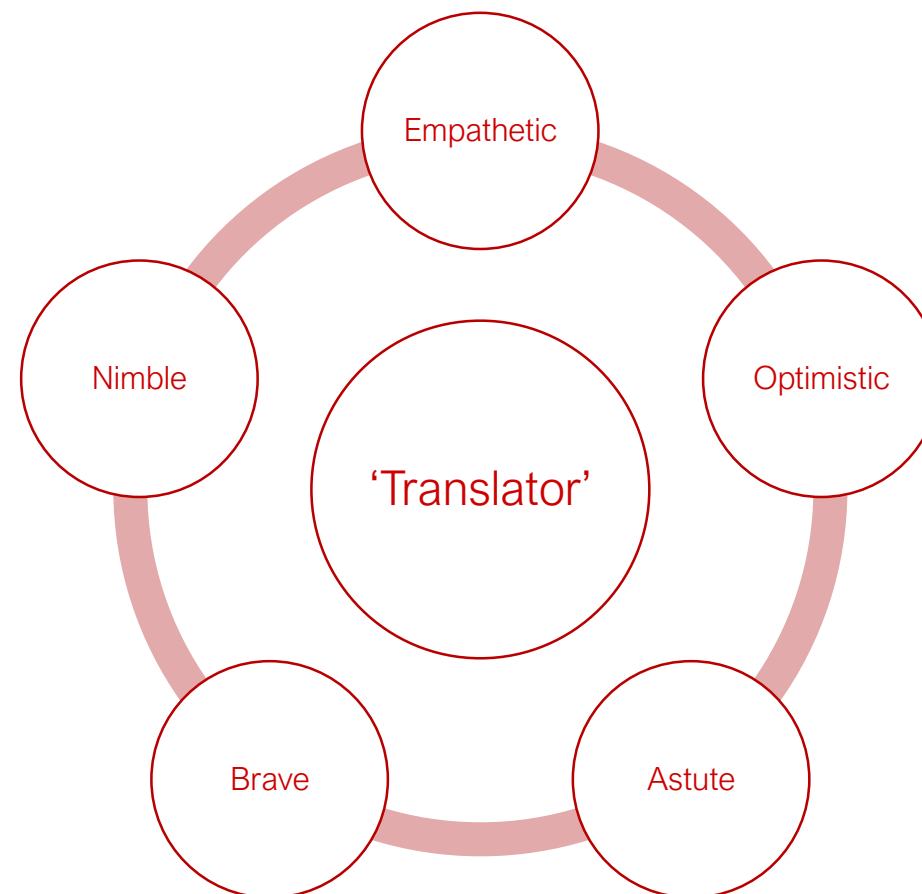
Developing a continuous improvement mindset
around your key processes

Process – Continuous Improvement

What is CI

- Continuous Improvement is an ongoing effort to improve products, services or processes
- These efforts can seek incremental improvement over time or breakthrough improvement all at once.
- There are a broad range of benefits from focusing on CI initiatives including:
 - Consistency
 - Efficiency
 - Effectiveness
 - Transparency

Building a CI mindset & culture

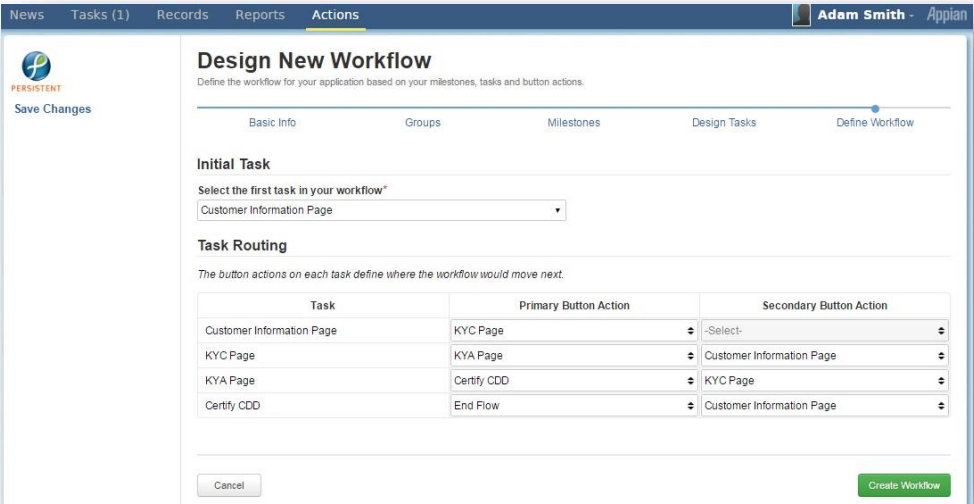


Process

Optimising your processes

- This must occur **before** bringing in new technology to support those processes
- At its simplest, this is about running an ongoing critical eye over your team's processes (i.e. a continuous improvement mindset)
- Looking for inconsistency, inefficiency, double handling, misunderstandings, process overlap
- Find the people who do this naturally and leverage them. OR bring in the experts (leverage your legal providers here)
- This is scalable – you do not have to commit to a wholesale process review to see benefits and impacts

Process



Process - basic example

“I don’t know which document I should use as a base when drafting a new contract – there are many different versions that all look and sound different and that are all stored in different locations.”

Identify

- Drafting contracts

Prioritise

- Employment contracts

Capture

- Collate 5 examples
- Review differences

Refine

- Agree house style from examples

Digitise

- Save in agreed accessible location

Process - moderate complexity

“Managing ad hoc queries from the business is challenging for our team. Everyone seems to manage and respond to them in different ways which can cause double up and wasted time. It is also hard to track how many queries we receive and respond to each month.”

Identify

- Ad hoc request process

Prioritise

- Areas of the business most requests received from

Capture

- Workshop to map different ways the team receive and respond to requests

Refine

- Review processes, identify inefficiencies and develop best practice process

Digitise

- Where possible, leverage existing technology to manage process

Process - Lean Six Sigma



Process - Complex Process

Case Study: Litigation Process Review

WHY

A busy litigation team sought assistance to further streamline their processes as they manage a high volume of complex litigation cases for a regulatory authority.

HOW

We used Lean Six Sigma methodologies run an Action Work Out. As depicted on the previous slide this involved brown paper on the walls, using post-it notes to map the process. Team members from all levels were included in the session.

Impact

1. Improving Processes
2. Reducing Risk
3. Managing Costs
4. Consistent Delivery
5. Team Empowerment

WHAT

We facilitated a full day 'Action Work Out' with the legal team, mapping out the legal processes. These were reviewed for inefficiencies, double handling or redundancies. A broad range of improvement opportunities were identified.

Feedback

Today's efforts were really significant and have generated a great energy and enthusiasm in the team. They are all very keen to get this sprint underway and to see what we can produce.

Success Factors

1. Leadership Champions
2. Team Engagement
3. Quick Wins
4. Lightbulb moments
5. Trusted methodology

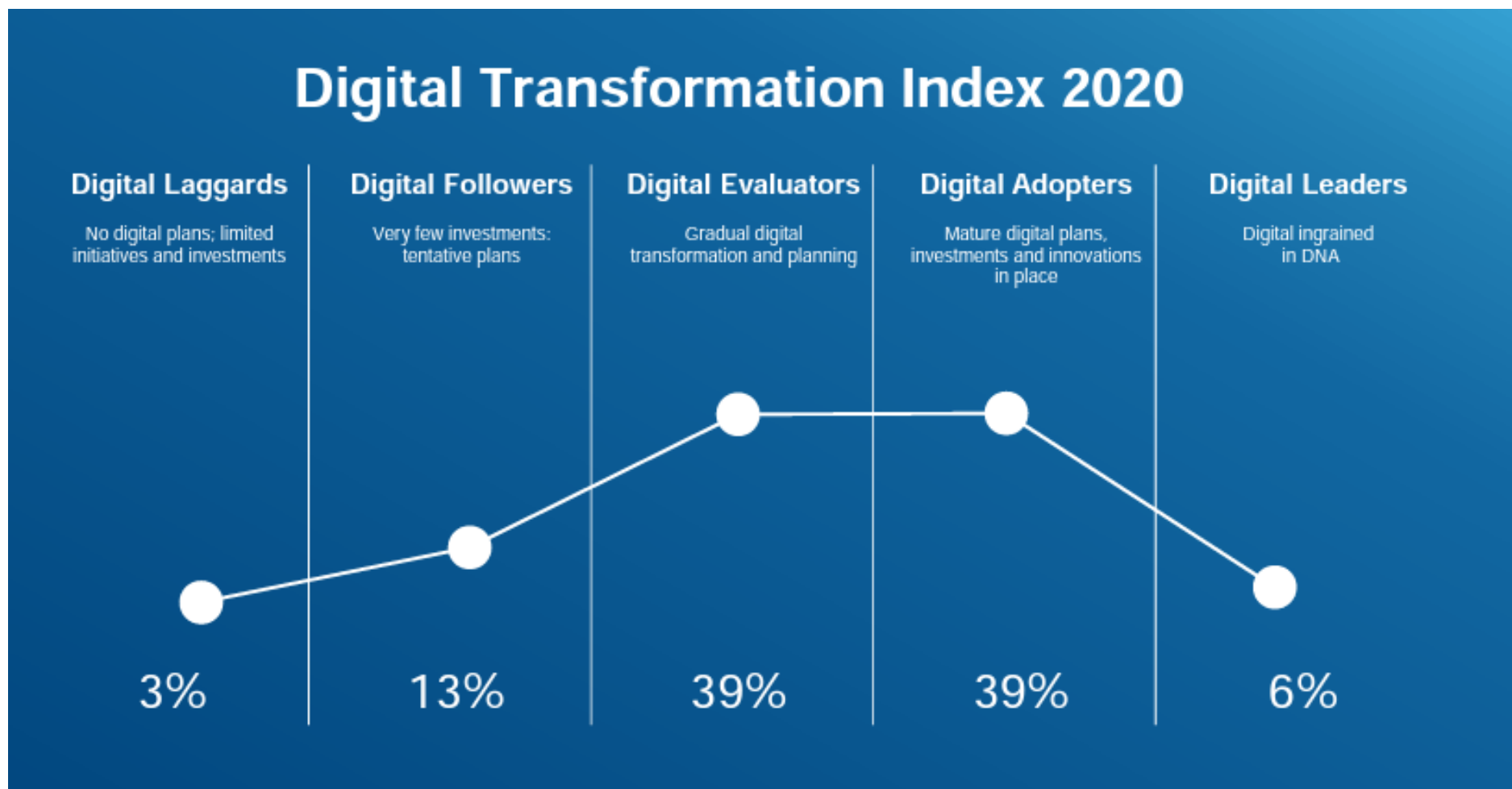


Technology

The challenges and opportunities of digital transformation

MinterEllison

Technology – Digital Transformation



Challenge v Opportunity #1

Change Fatigue

- Too much change too quickly
- Team burn out
- Impact of 2020
- Can result in resistance/blockers

Change Agility

- Track record for major change
- Adaptability proven (e.g. 2020!)
- Collective ownership critical
- Highlight positive impact of change for teams

Challenge v Opportunity #2

‘Busy’ legal tech market

- Overwhelming number of vendors & solutions
- Time consuming to identify best products
- Challenging to look behind ‘sales pitch’
- Expertise needed for implementation processes

Legal provider expertise

- Law firms should constantly be scanning market
- Leverage their insights and tools
- Can you get demos/ run short term experiments using their platforms first (testing the waters)
- Legal providers should also have implementation expertise

Challenge v Opportunity #3

Limited tech budget

- Legal teams can be overlooked
- Challenge to justify expense for 'cost centre'
- How to prioritise amongst 'burning platforms'?

Leverage existing tech

- Consider alternative use cases for existing tech
- Are you squeezing the most of your platforms
- E.g. Office 365 suite (what more can Outlook/Teams do for you)
- Look for quick wins first

Challenge v Opportunity #4

Perception of 'lagging behind'

- Legal is seen as a laggard
- Basis in precedence & risk adversity
- Not often prioritised in digital transformation plans

Ability to leap frog

- Let others learn the lessons, then take them and leap frog
- Change doesn't always have to be A
→ B → C → D

Challenge v Opportunity #5

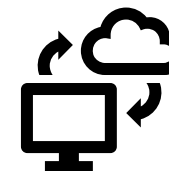
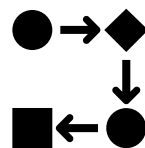
Overloaded with 'BAU'

- Busy, lean legal teams can't 'stop' and focus on transformation projects
- Always competing against urgent requirements from the business

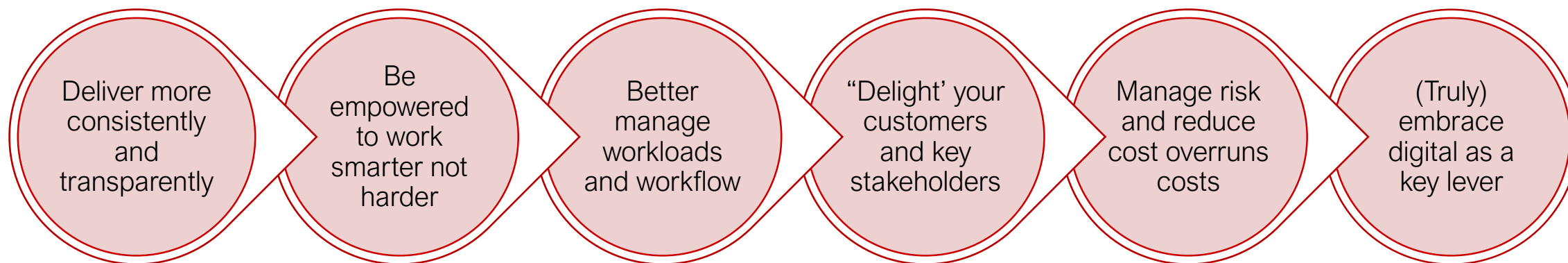
Focus on incremental change

- Use agile teams and iterative development approach
- Make small changes, which can turn into big change
- Again, starts with PEOPLE and PROCESS – focus here first
- Outcome can be giving back more time for strategy

Optimisation - People, Process, Technology



Connecting the right people, best practice processes, and smart technology (in that order) so that your team can...



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