SAUDI LAW CONFERENCE
المؤتمر السعودي للقانون

UNDER THE THEME OF: **REINFORCING A SUSTAINABLE AND INCLUSIVE BUSINESS ENVIRONMENT**

LegalTech Landscape

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ABSTRACT

Industry 4.0 is changing the traditional business models and legacy practices for every industry, thanks to the massive technological advancement that has been accelerating for more than 5 years. The Legal industry is no exception.

Corporate legal and compliance leaders must exploit technology to support digital transformation. Innovative business models, new partnerships, regulatory volatility and a faster pace of change mandate effective and aggressive use of applications and emerging tech.

Workshop Objectives

- Demystifying Legal Tech
- Understanding how Industry 4.0 is impacting the Legal industry in terms of practice and jobs
- Understanding practical innovation efforts that are relevant to the Legal Industry
- Defining starting points and the journey to digital transformation

Workshop Content

- An overview of the Legal Tech market in parallel to FinTech
- The shaping of the new Legal Ecosystem
- The use of relevant emerging technologies in the Legal industry – Focus on AI and Blockchain
- Impact of Legal Tech on jobs of The Future Legal Professional
- Up-skilling and Re-skilling Considerations
- Select best practices for transformation and business model innovation

The Urgency

“If you don’t like change, you are going to like irrelevance even less”

- Terry Jones (Founder of Travelocity, Founding Chairman of Kayak, Innovator, Game Changer)

THE REALITY

- The customer is in the driver seat
- Start-ups are going mainstream (260 unicorns in the world = close to a trillion dollars)
- Emerging technologies are shifting from dream to reality
- 90% of data in the world was created in last ~3 years[1]
- Even if you aren’t changing, your ecosystem probably is

THE RESPONSE

- Rethink your business model, strategy and experience

  Terry Jones: “Own the edge, not the assets.”
- Get ready to harness the opportunity
- Transform your organization and transform yourselves

SLC PAGE: 5

[1] *IBM Marketing Cloud Report, 22 December, 2016*

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The Threat

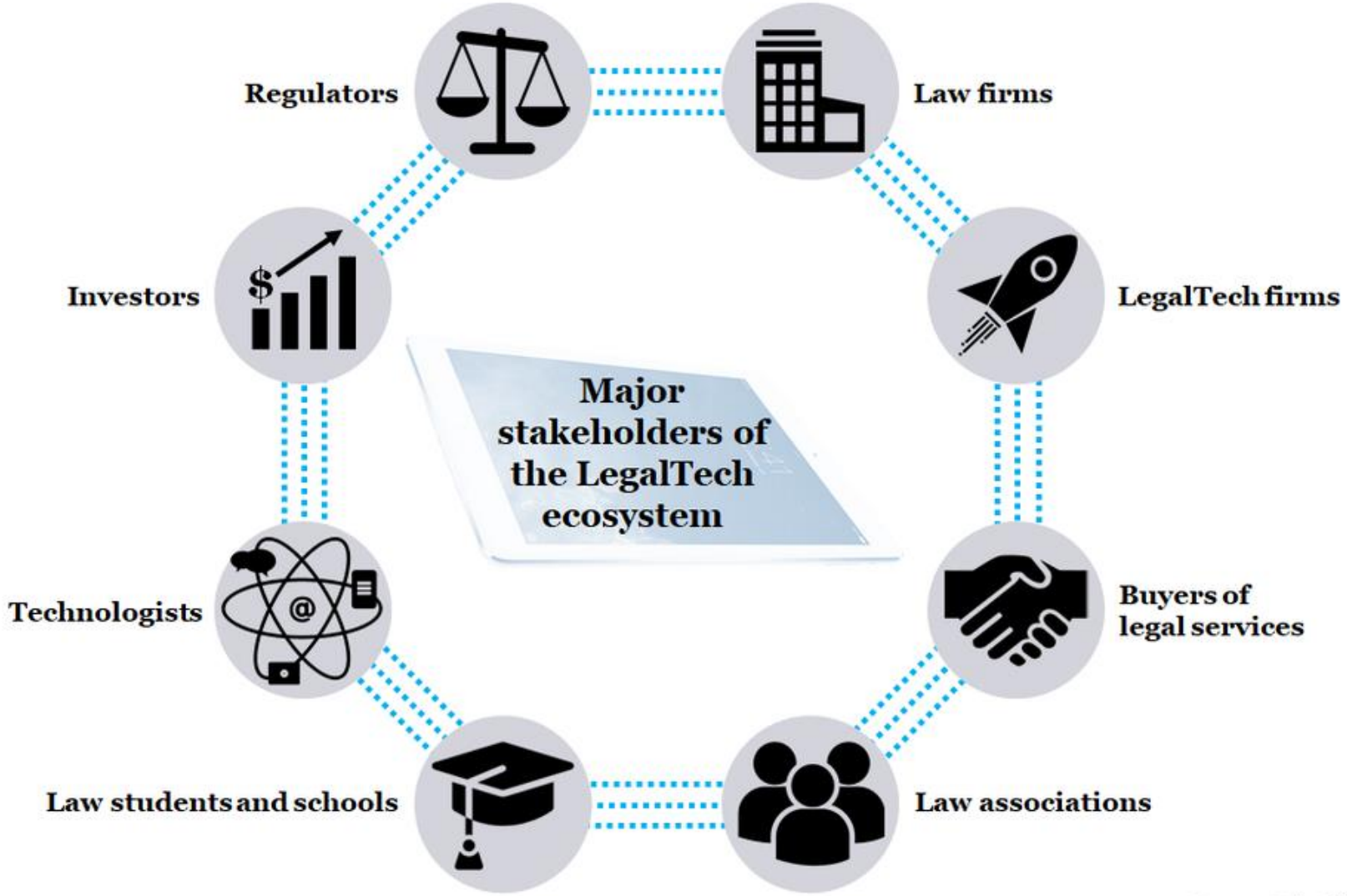
- Market Disruption will turn the current business models obsolete within the next decade – the time that is just enough to undertake transformation if started now!
- SMEs, being lightweight, are more capable to cope with the changing dynamics and are approaching the market with a whole new mindset and will eventually take over market share gradually until they collectively become the dominant force.
- Customers and citizens are learning by the day to become more experience-sensitive and will give no second chance to business models that are not engineered for CX.
- Legal is no exception, and two necessities are unfolding:
    - Pursuing innovations within the ecosystem
    - New and altered business models require forging new relationships with new partners in new ecosystems and over new channels, exposing organizations to new layers of risk in a landscape of changing regulation

A Regulatory Point of View on Digital Economy

"…From a policy maker and regulator's point of view, the emergence of the digital economy changes the landscape. As industries, markets, and pricing strategies are transformed, the traditional industry-specific approach to policy setting will increasingly fail to enable expected economic growth and social development outcomes…"

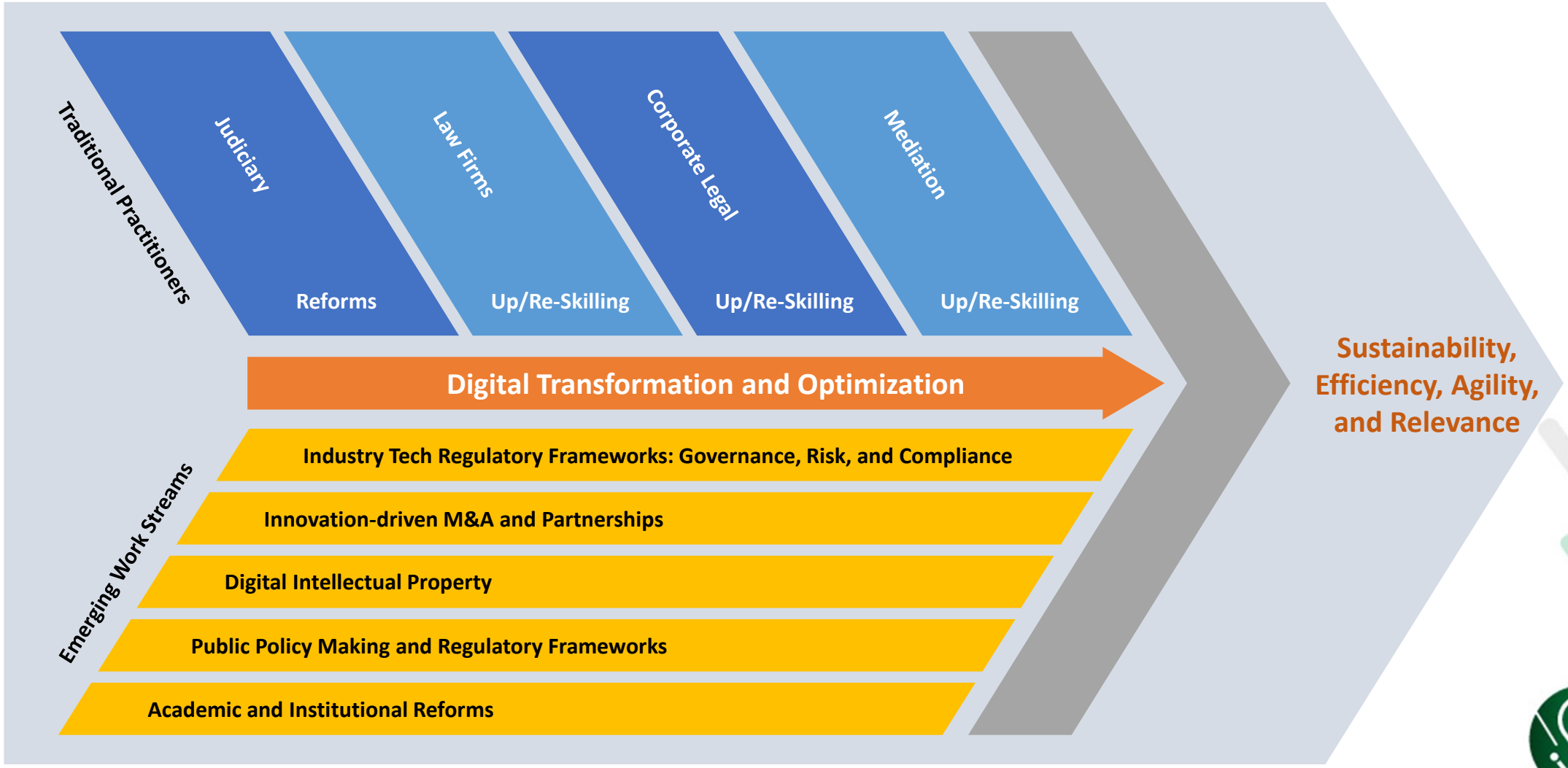
UNDP – Global Center for Public Service Excellence

The LegalTech Ecosystem Stakeholders



Source: Eric Chin

New Legal Value Chain



Legal Tech vs. Law Tech

LegalTech

- Optimizing the legal service business as usual with emerging technologies
- Benefits the practitioners such as corporate in-house or external lawyers, mediators etc.
- Reduces the time to process
- Reinforcing the legal job with emerging technologies

LawTech

- Disrupting the legal service business as usual towards a DIY as appropriate
- Benefits the public consumers both individuals and corporates
- Reduces the legal bill
- Redefining the future of the legal profession

The Double-sided Impact on The Legal Value Chain

Awareness Needed

- Legal practitioners must understand the evolving landscapes associated with the digital economy so they can make appropriate interventions
- An increasing role for the legal practitioners in various industries to help establish the new frameworks
- The ecosystem is reshaping in a way that requires a comprehensive understanding of the interactions that have now become possible
- Legal practitioners must now maintain a global understanding on various matters that can go cross-borders in the digital economy

Improvement Needed

- Legal practitioners must develop digital literacy to perform their tasks in a more efficient manner while relying on emerging technologies
- Legal practitioners must develop a platform mindset as well as open-mindedness to new legal business models
- Legal practitioners are required to develop an innovation mindset that allows their organizations to contribute to the changing ecosystem dynamics
- Organizational agility is becoming a must-have characteristic for legal intensive organizations

Impact on Legal Jobs

Resistance to innovation

Close to 47% of European lawyers have rated resistance to innovation the first biggest threat to the profession.

The outlook for the future is nevertheless positive, as this marks a decrease of nearly 24% from two years ago (2016).

Rise of alternative legal service providers

86% of lawyers believe that law firms are likely to employ non-lawyers (e.g. project managers, legal technicians) to provide services to their clients in the future. This marks an increase of 10% since 2016.

Pressure to increase cost-effective competency and processes as well as leverage new technologies could be some of the drivers towards outsourcing many legal services to alternative providers. The complexity of services and tasks performed by lawyers will only continue to rise. Consequently, alternative providers of legal services will continue to rise as well, as more areas of specialisation may come forth.

Commoditisation of legal services

The commoditisation of legal services is rated the third biggest threat (30%). Not surprisingly, this is already challenging the law firms' traditional business models. Law firms will need to keep on adapting their business to the commoditisation.

The latest survey findings also reveal that compared to 2016, lawyers seem to be doing more bespoke work (increase of 8%) and less routine tasks (decrease of 18.54%).

Source: International Association of Young Lawyers

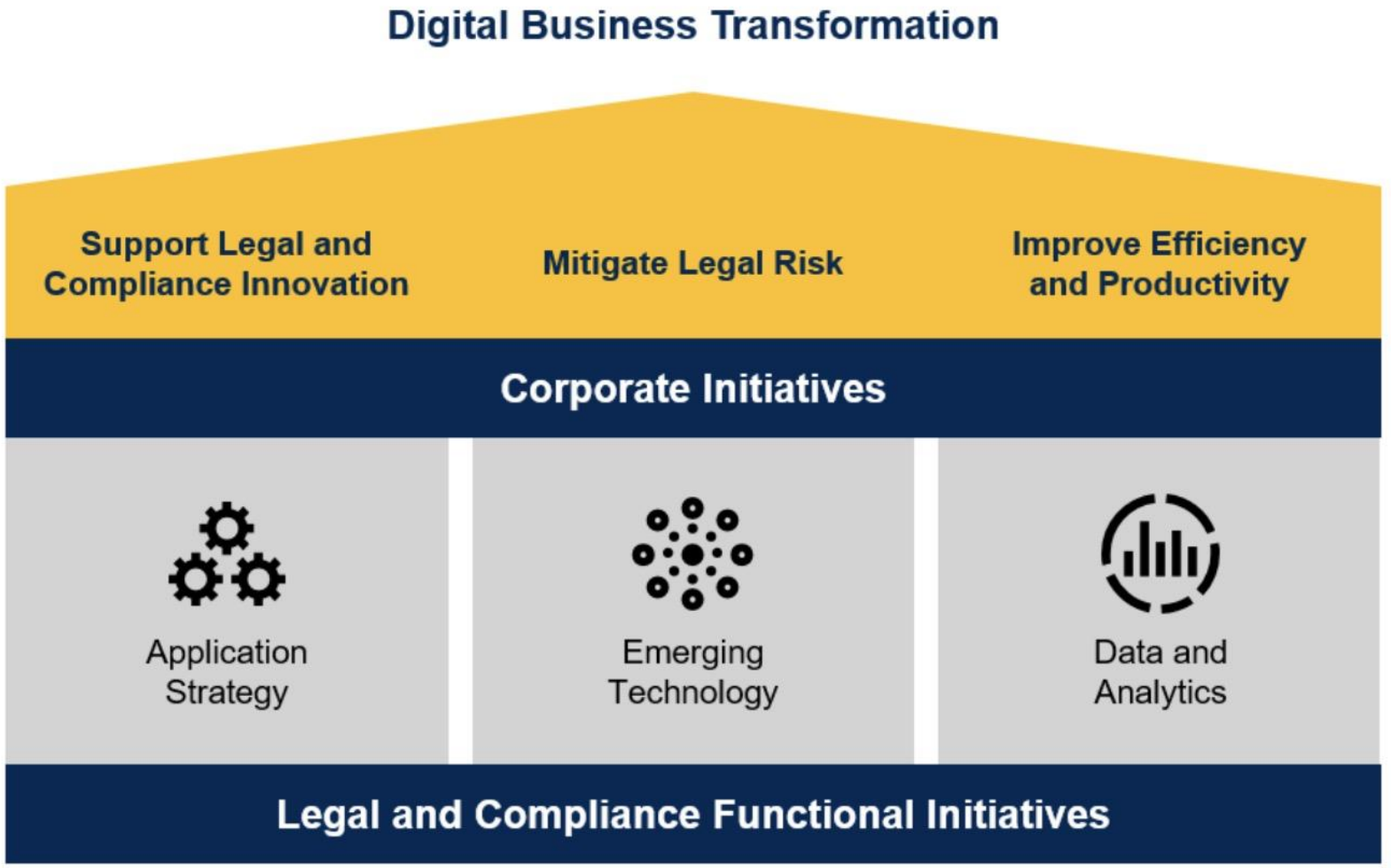
Multi-disciplinary Skillset

Commoditization of Legal Services

Cannibalization

Privatization of Justice

Legal and Compliance Technologies



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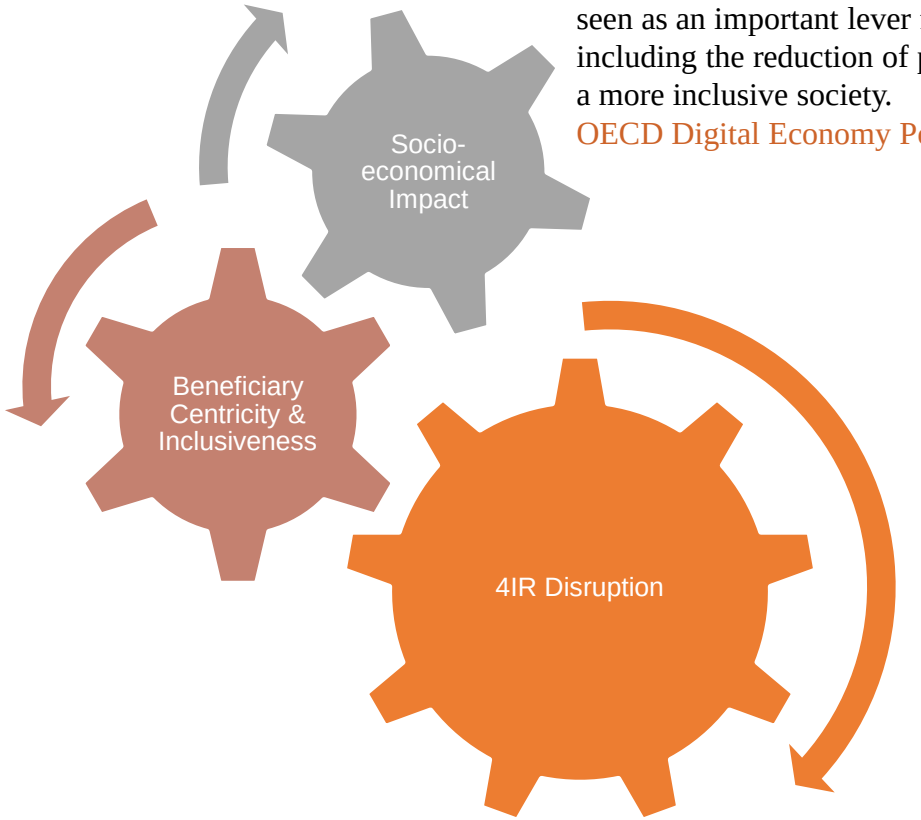
Emerging Technologies Affecting Legal

- Artificial Intelligence/ Machine Learning, e.g. eDiscovery, Litigation Prediction
- Legal Advice Chatbots
- BlockChain, e.g. Smart Contracting
- Legal Data Analytics, e.g. legal analytics
- Automation, e.g. Contract revision, contract lifecycle management
- Cloud computing, e.g. Data Privacy & GDPR
- Cybersecurity
- Internet of Things

The 3 Driving Forces

For emerging countries, digital innovation is therefore seen as an important lever for economic development including the reduction of poverty, and progress towards a more inclusive society.
OECD Digital Economy Policy Paper

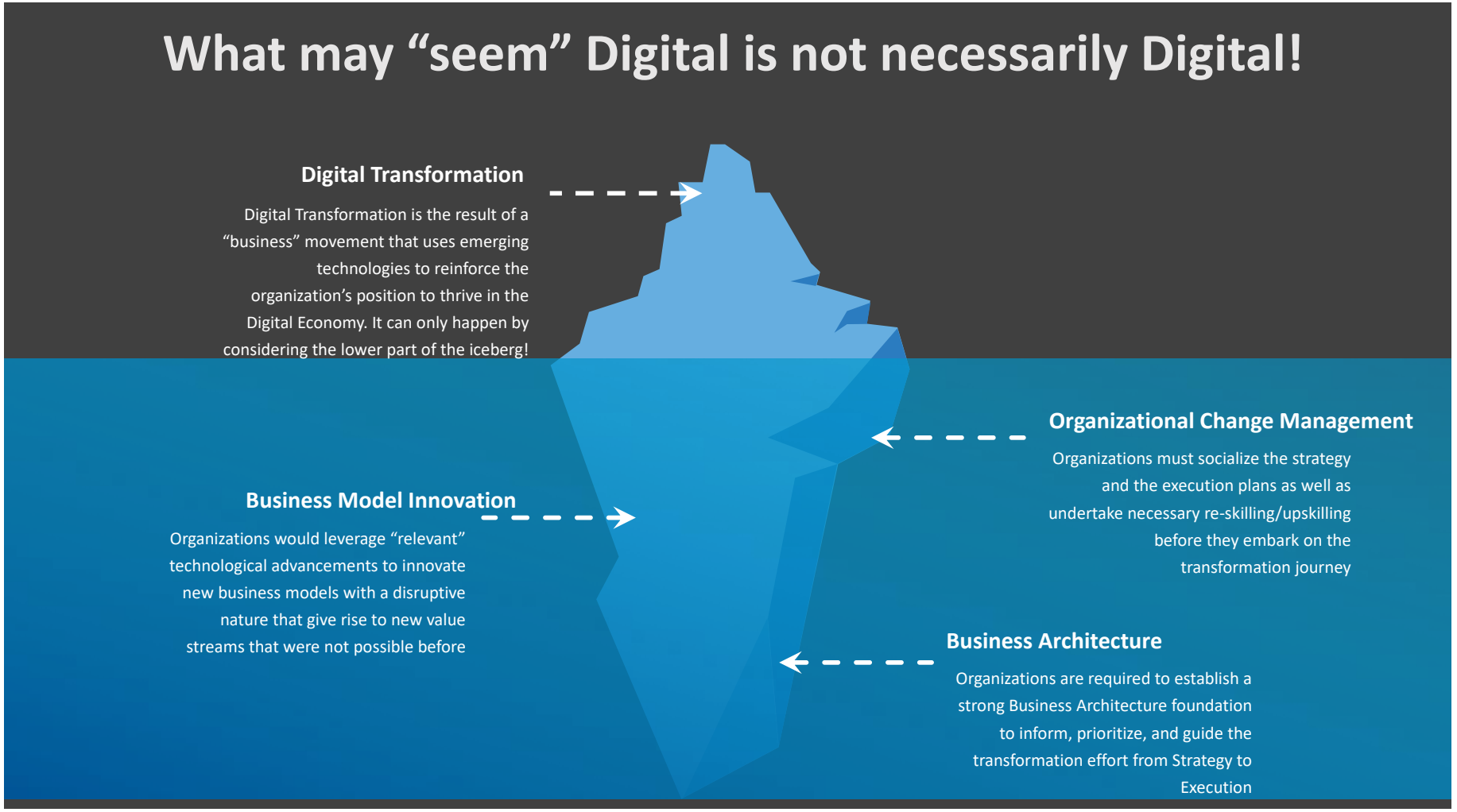


It is the innovation related to ICTs (digital innovation) that ultimately drives aggregate productivity growth, subject to its successful diffusion and use across society (inclusiveness)
OECD Digital Economy Policy Paper

Legal Leaders Challenges

- Legal leaders are increasingly vital to the organization’s digital transformation. Their dual challenge is to
    - Ensure that the business addresses compounding legal and compliance risks in pursuit of digital business, e.g. Fintech, Data Privacy and GDPR, Ecosystem and new Channels
    - The legal department achieves greater efficiency and satisfaction through its own digital transformation.

The Digital Transformation Iceberg



Drivers vs. Enablers

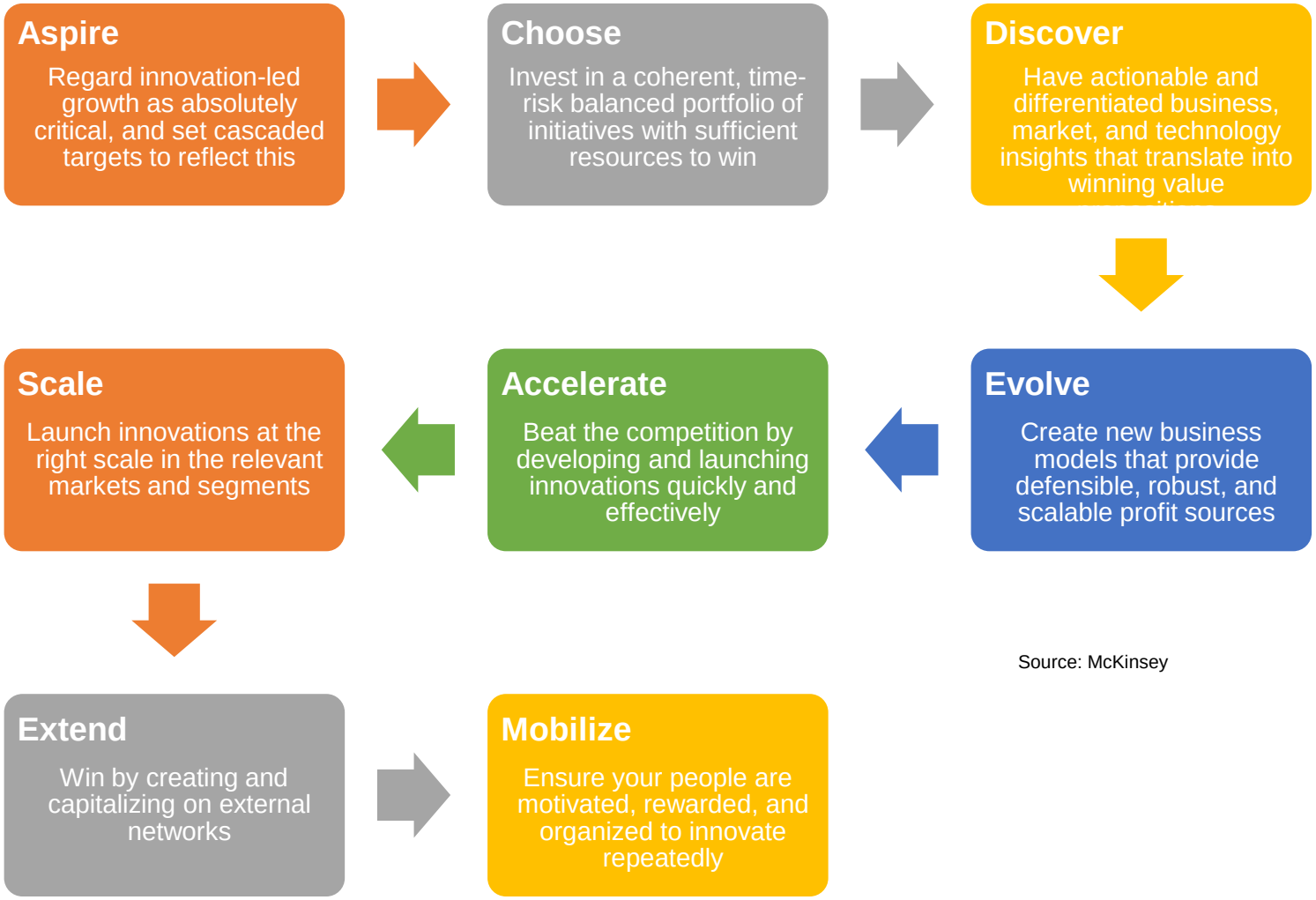
Drivers

- Transition to Beneficiary-centric mindset
- Preparing Legal Professionals to Thrive in the Digital Economy
- Achieve Optimization in Legal Systems
- Drive Legal Workforce Efficiently
- Reduce unemployment NOW and in the New Job Market
- Fulfill SDGs

Enablers

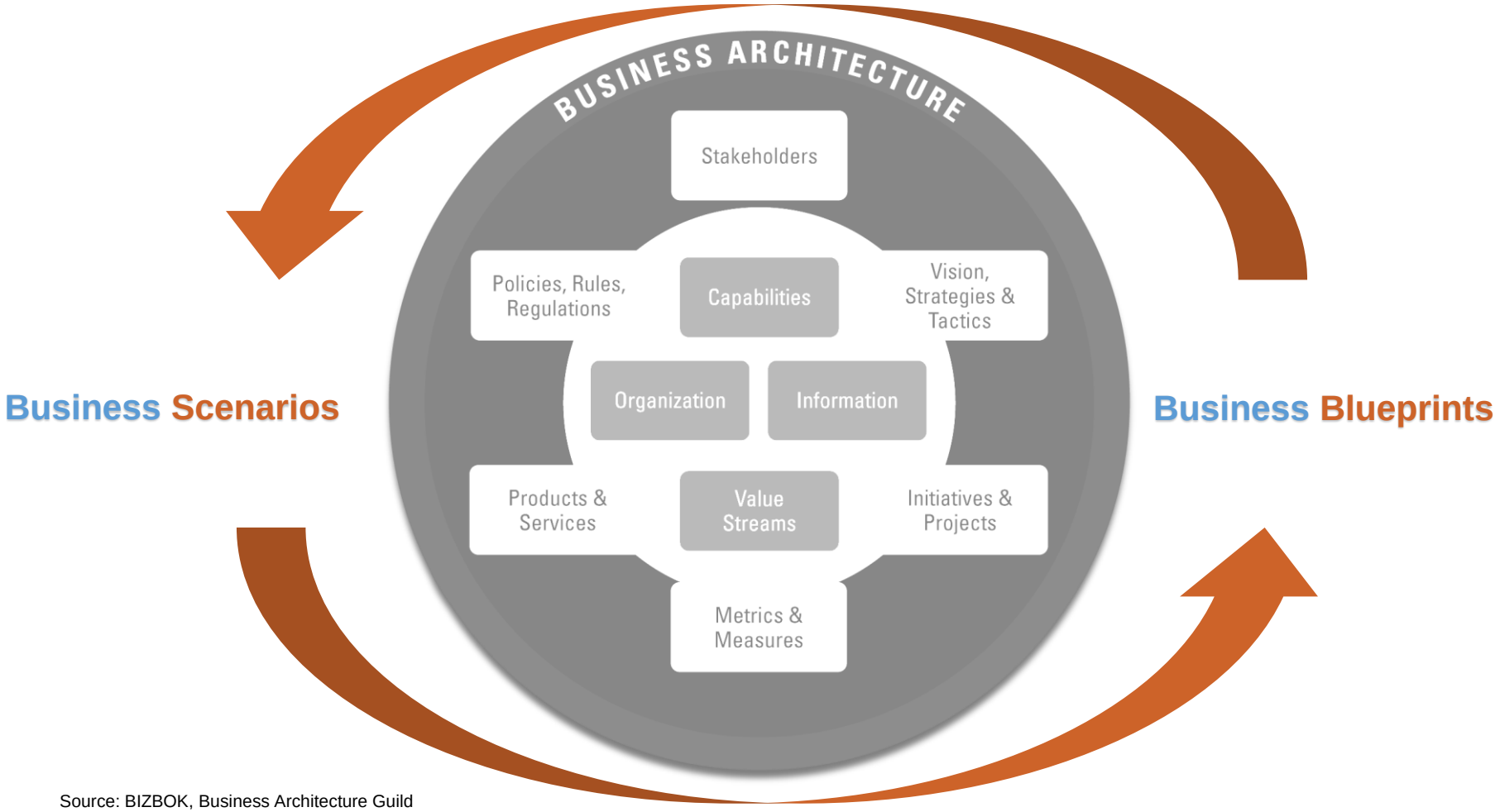
- Government and Ecosystem Stakeholders Determination
- Organizational Agility
- Digital Capabilities
- Emerging Technologies
- Sustainable Innovation Practices
- Tolerance to Experimentation
- Ecosystem Thinking

The 8 Essentials of Innovation



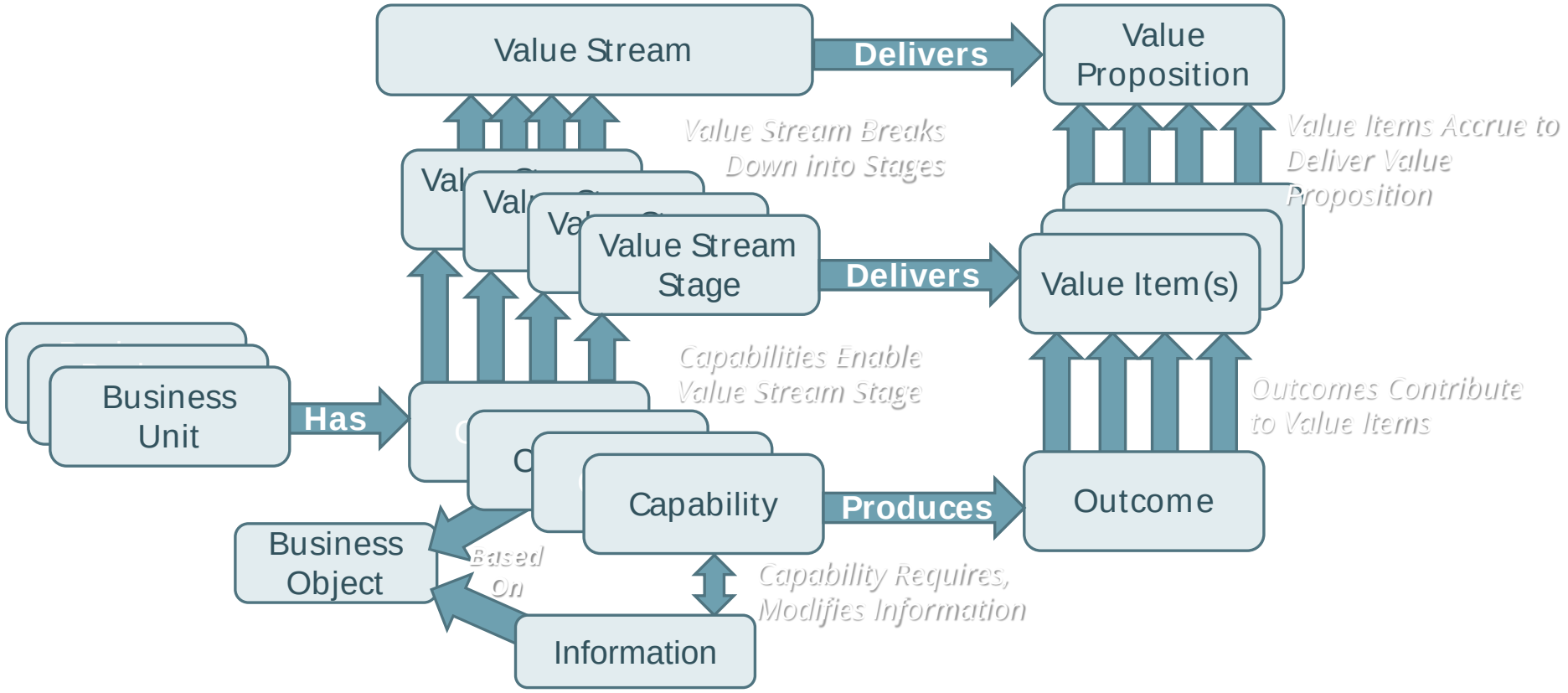
Source: McKinsey

The Ecosystem Architecture Framework



Source: BIZBOK, Business Architecture Guild

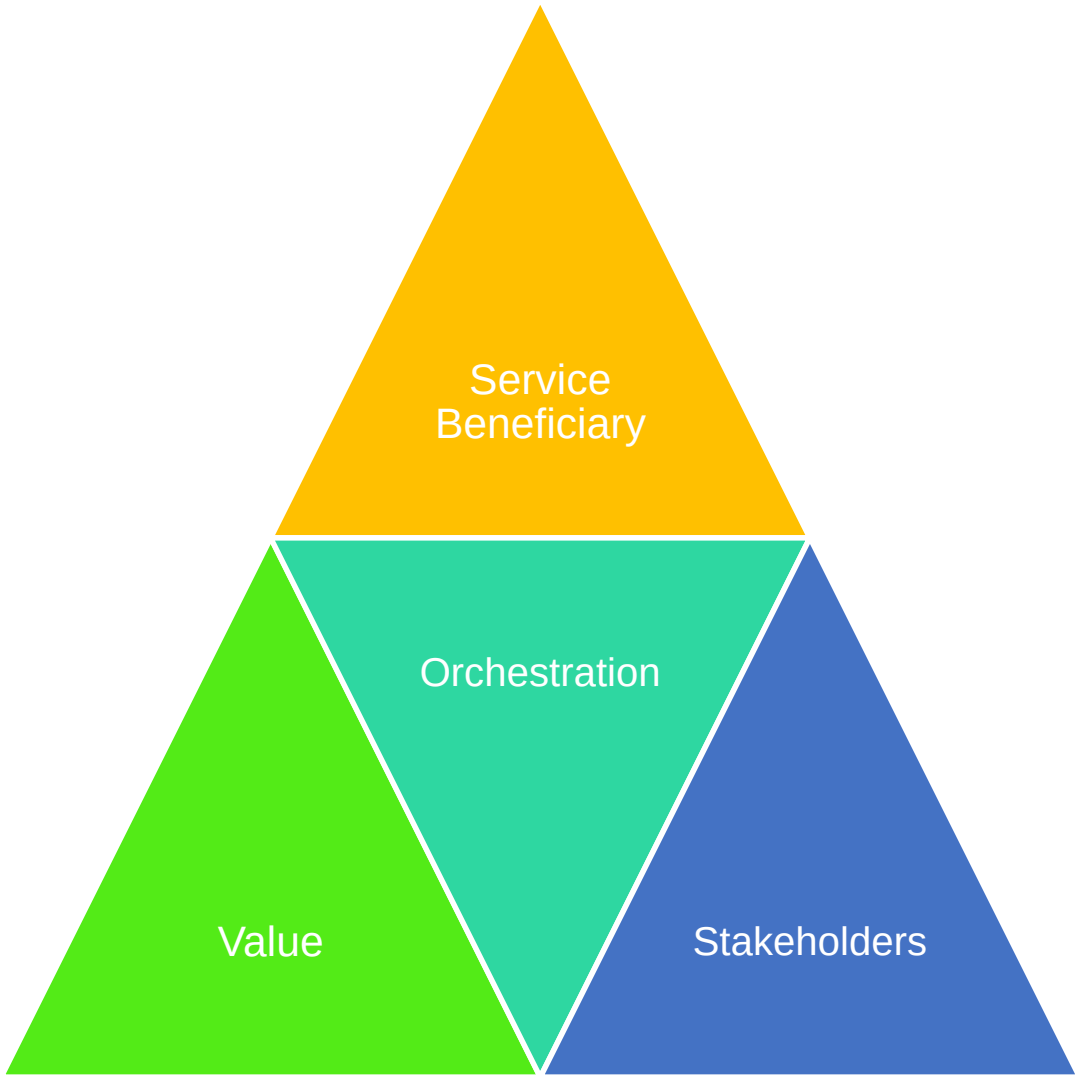
Example of How the Core Domains Interact



Source: Business Architecture Associates, Inc.

The Journey

- How do we
  - Bring our strategies together
  - Create a shared and actionable vision for the future of legal
  - Shape and sequence initiatives in the most optimal way, to deliver incremental impact
  - Ensure we invest in the right things at the right time
  - Govern our results against the vision and objectives



Comprehensive DX Strategy Execution

- Strategic impacts are assessed quickly
- Strategies are translated in collaboration across teams, leveraging shared capabilities and solutions – this also speeds up planning and execution
- Change to all stakeholders is assessed

- Business and technology are considered during execution
- Execution is iterative, but accelerated and informed by the bigger picture

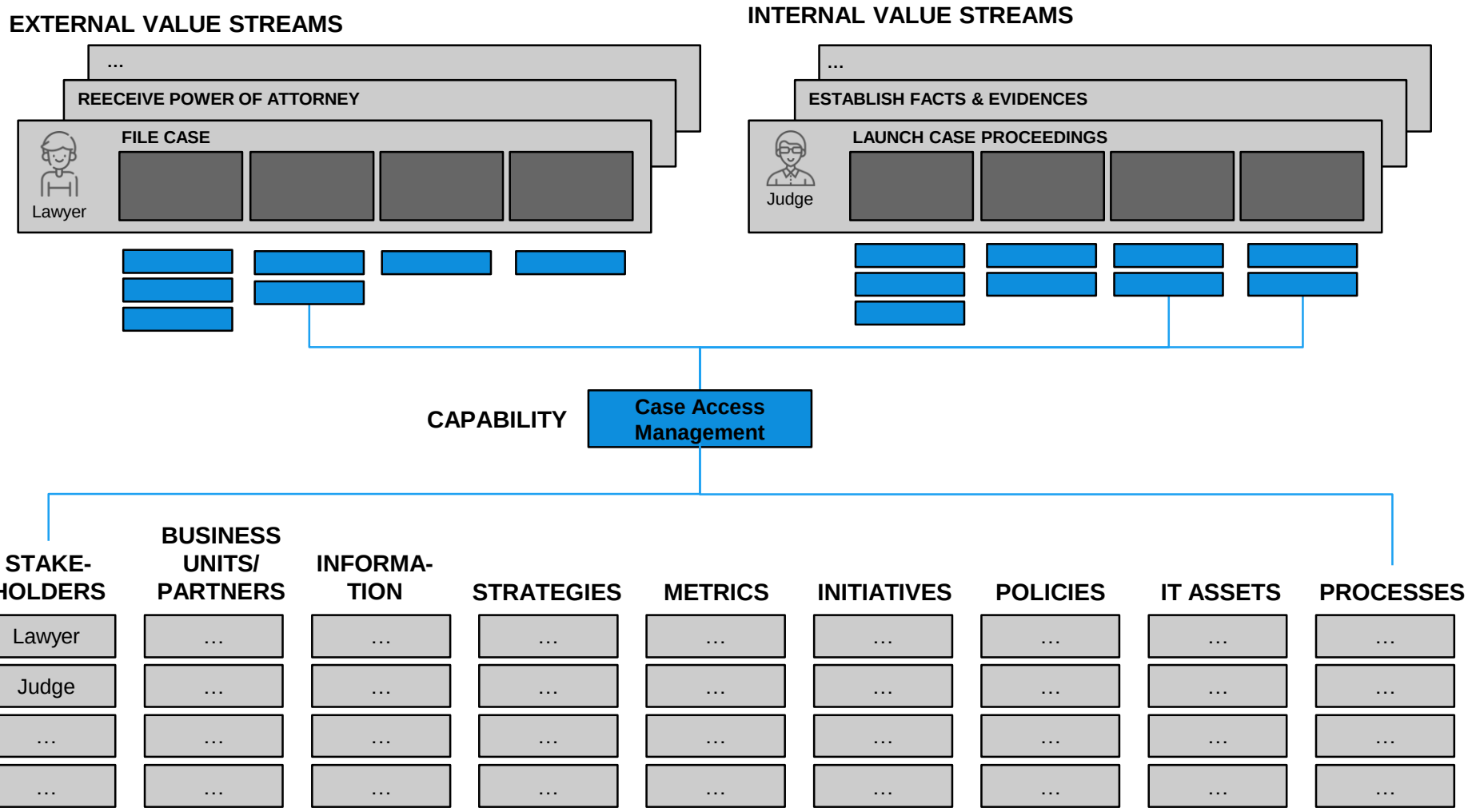
- Direction is business and stakeholder-value driven
- Business model is continually evaluated for evolution
- Strategic options are quickly narrowed
- Strategies are aligned

- Planning and prioritization focuses on overall priorities as well as team priorities
- Investments support innovation
- Dynamic re-planning can occur when priorities change

- Initiatives deliver on intended business outcomes

Source: S2E Transformation Inc Copyright.

A Framework to Translate Strategy Into Action



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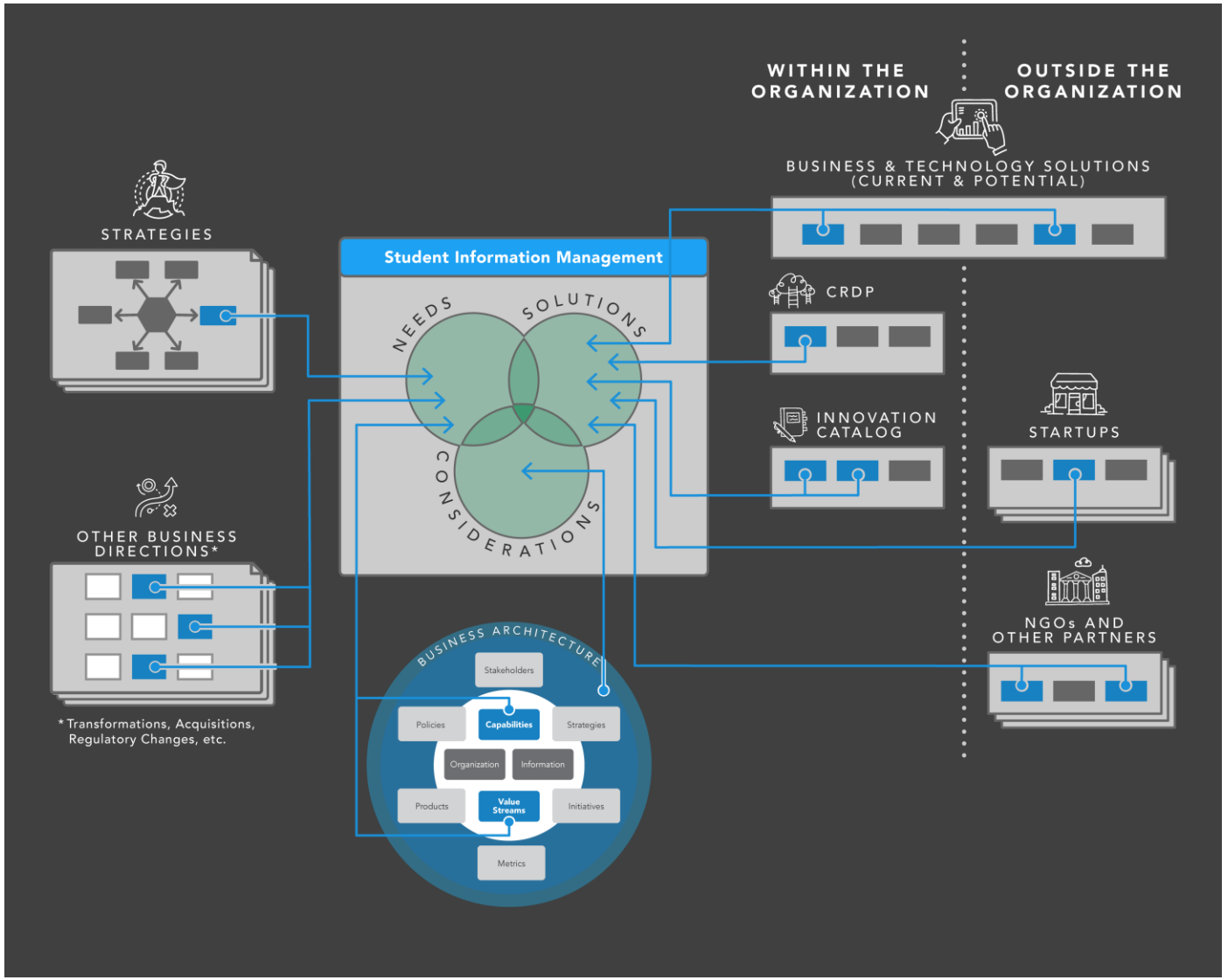
Collaboration Across The Legal Education Ecosystem



Governments Leveraging the Framework

- UK (multiple departments in coordination)
- European Commission
- European Medicines Agency
- Netherlands
- Denmark
- Norway (state-owned enterprise)
- Australia (e.g. education-related, others)
- Egypt (Ministry of Communications)
- Canada (e.g. various agencies, city level, state-owned enterprise)
- US (various agencies such as USPTO, Homeland Security, Social Security, Marine Corps and Army, USDA; state and city level)
- South Africa
- Mozambique (education reform, other)

Note: These are just a FEW organizations focused on business architecture based on direct knowledge and data. A country listed does not imply that all agencies are practicing or that all agencies are listed (examples are provided for some). This list does not imply business architecture scope or maturity.