opentext™

The AI Tipping Point for Law Firms

Leveraging AI to Transform Knowledge Management
for the Competitive Advantage

opentext™

Contents

opentext™

This white paper focuses on how AI-powered enterprise search can transform the way that law firms identify, understand and use their information. With immediate access to expert portfolios, attorney work product and analytics, firms can create collaborative strategies that will help them stand out in today's competitive legal market. Enterprise search boosted with AI technology promises to vastly improve these three key areas:

- Winning new business by meeting increased client demands for accelerated expert response;

- Improving client service by leveraging internal legal information and work product, and;

- Developing a competitive advantage by differentiating the firm and improving the efficiency of its processes, technology and people.
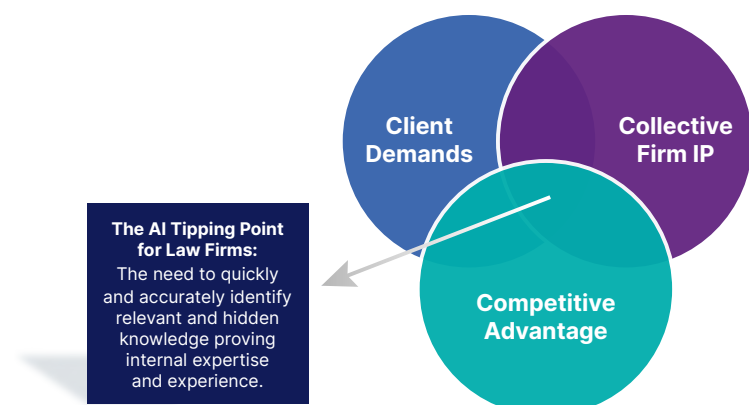
The problem: The current approach to knowledge management is not working

To do their work well, knowledge workers need access to all of their firm's information and intelligence, wherever it may be stored. They need to know where their specialized expertise resides. Which of their attorneys have worked on what types of cases for which clients, and with what results? They need to serve their clients effectively by quickly finding and referencing memoranda, contracts, legal research, court filings and other work product. And they need to know exactly how they're operating so they can improve their business, from the tech they're using to their moment-by-moment spend or their allocation of resources.

To be clear, "legal research" in this context is not about searching a global database of existing case law but rather about searching internal resources to identify precedents and relevant work product within the firm. Lawyers and legal support staff typically must conduct this aspect of legal research manually, either by having partners and high-value associates waste precious time scanning through their archives for information or by delegating that research to junior associates who may lack the skill or experience to recognize valuable precedents.

The same holds for searching for experts and compiling operational information, including such basic information as case budgets and spend rates. In most firms, that information—if it is captured at all—exists across a range of disparate systems, many of which aren't readily searchable.

Fortunately, recent advancements in artificial intelligence (AI) offer law firms a better way to identify and use their own knowledge to win more business, serve their current clients more efficiently and improve their internal operations.

Client Demands

Collective Firm IP

The AI Tipping Point for Law Firms: The need to quickly and accurately identify relevant and hidden knowledge proving internal expertise and experience.

Competitive Advantage

opentext™

The solution: AI-powered enterprise search for effective knowledge management

What firms need is a single sign-on, searchable, and universal view into their business and information systems, driven by the power of AI. Such a solution should incorporate information from the firm's document management system, Microsoft SharePoint, any file share drives, matter management systems and business information systems, including HR and billing software—all without the need for expensive technical resources. This compiled information would then be available to search, using AI to identify related information even if it doesn't precisely match the search terms.

How? To begin, an enterprise search tool securely crawls and indexes the firm's entire knowledge base, including all sources: document management systems, intranets, individual drives, email archives, contact management databases, business systems and even websites and online content management systems. The system then uses its indices and AI to create concept models that are precisely tailored to the legal information found during the crawl, based on content and extended metadata. These concept models significantly improve the quality of search results by identifying related information across different sources, even in the absence of specific keywords, and ranking search results based on predicted relevance.

An enterprise search system is always up to date, as it incrementally crawls all data sources and updates its internal models as documents change and new information is added. This ensures that search results are always accurate and current.

To appreciate how AI-powered enterprise search can revolutionize law firms' access to their internal knowledge base, consider the following three use cases. Each demonstrates the inefficiency of the current approach and the promise of enterprise search powered by AI.

opentext™

Use Case 1: Winning new business by satisfying prospective client demands

When pitching new clients law firms must have fast, accurate access to information that supports the expertise prospective clients are looking for. Prospective clients are often urgently in need of legal services, making time of the essence. Yet they do not want to simply hear that a firm can handle whatever type of matter they are facing; they want to see that the firm's partners and associates have proven success in their type of matter before they sign on—or sign a check.

That means that flashing an attorney bio with claimed "areas of expertise" will not suffice. Instead, law firms and partners must prove their expertise—rapidly—by providing specific data points about their prior case experience.

Problem

As it stands now, partners will typically send a junior associate to collect that information from the firm's internal systems, including its matter intake, document management and HR systems or its time-tracking and e-billing software. Searching these disparate, siloed data sources takes time, leaving potential clients waiting.

Nor is it failsafe: junior associates, who are called on to help partners and senior associates in a time-constrained situation, may lack the training and experience to recognize relevant prior experience or may mistake irrelevant matters for useful precedents. The sheer volume of information that is required to siphon through is overwhelming and frustrating, further contributing to human error or oversight. That frustration is furthered by the fact that manual searchers have no way of knowing—until they've searched every component of every system—whether they've identified all of the useful, relevant information there is to find. Even when an experienced expert conducts these searches, it's difficult or impossible to obtain strategic, dynamic and fully up-to-date information without a universal view to multiple data sources. In short, critical knowledge can remain hidden when information sources are not integrated.

The bottom line is that an interested potential client waits, and waits, only to be presented with a checkerboard of prior experience that is insufficient to establish the expertise of the partner or the firm as a whole. The client, unconvinced that this firm can handle its business, turns to the next firm on its list—and the firm loses not just potential revenue but also the opportunity for a longstanding client relationship or referrals. What's more, the firm loses the chance to further differentiate its expertise or develop its market niche, slowing or halting the practice's growth and opening it up to competitive vulnerability.

Solution

With AI-enhanced enterprise search, firms win more clients because they have faster, more reliable access to the information they need to decisively prove their expertise. They don't have to rely on sales pitches or empty promises: they can let their data do the talking.

By leveraging AI for knowledge management across an organization's business systems, relevant information is made accessible from a single search, saving valuable time and ensuring that law firms can respond quickly to prospective client demands. This speedy response also demonstrates to the client that it won't have to pay the firm to learn about its issue while handling its matter. By cross-referencing document authors with content—including AI-powered concept analysis of that content—firms can identify all of their relevant experience and

opentext™

The Return on Investment from Winning More Business

In a law firm with 30 equity partners, each pitched one new client per quarter at an average value of $50,000 per client. Before implementing AI-powered enterprise search, the firm was closing one of every five pitches, for a success rate of 20 percent. Enterprise search improved the success rate to 25 percent, enabling the firm to close one of every four pitches. That translates into six new pieces of business per year—or $300,000 in additional revenue.

rapidly and accurately identify their in-house experts, whether in the context of a pitch or when a need for specific expertise arises in an existing matter.

Perhaps most importantly, AI-powered knowledge management practices help firms connect the dots faster than humanly possible, displaying information from multiple sources—some of which the attorney might not have thought to search—together so that the firm can paint a complete picture of its experience with a specific matter type. This information can even be assembled into graphics that make it easy to visualize, at a glance, the firm's volume of experience and level of success. As partners become better at generating business and demonstrating their expertise in fact-based pitches, they'll gain the credence they need to become better rainmakers.

Actions speak louder than words. Don't tell prospective clients that you can handle their matters based on your partners' biographies; show them that you have successfully handled similar matters repeatedly in the past.

opentext™

Use Case 2: Serving existing clients better by improving internal research

Winning the pitch is just the beginning. Law firms must be able to access their library of prior work product to efficiently and effectively serve their clients once they've signed on. Documents are just one aspect of this information. For internal legal research, attorneys need to be able to locate explicit and implicit information quickly and easily.

Problem

For most firms, legal research—the need to locate earlier occurrences of similar matters that may serve as an example or may justify similar results—remains a laborious, slow, manual process. As with searching for evidence of expertise, inexperienced associates are often called on to complete the bulk of the legal research legwork for current clients. After an associate has manually researched and collected a broad pool of data, more skilled expert lawyers review that information and cull the irrelevant information until they've identified the most persuasive and useful examples.

Yet, as internal data accumulates with each month and year that goes by, manual searching becomes increasingly infeasible. The International Legal Technology Association (ILTA), in summarizing its recent surveys regarding AI and machine learning, called legal research the second-highest priority for the application of AI. In its words, "the volume of data is not humanly consumable."[1]

The largest law firms have caught on to this: of the 481 firms surveyed in 2018, every firm with 700 or more attorneys had implemented or was researching an approach that would leverage AI/machine learning. ILTA's "2019 Tech Survey" reported the results from 537 firms and found that 97 percent of the largest firms— all but one of them—was using or anticipated using AI/machine learning.[2]

It's not just law firms struggling with data overload. Generally speaking, knowledge workers spend as many as two hours a day searching for information, and as many as half report that they cannot find the information they need to do their jobs effectively.[3] That information may be scattered across dozens of internal sources that are challenging to search. Traditional keyword searches miss synonyms, shorthand or abbreviated terms and typographical or data-entry errors.

Moreover, keyword search is inherently limited in its ability to spot relationships between information or to recognize implicit information. This is a major disadvantage; ignoring implicit knowledge is equivalent to viewing a flat image rather than a three-dimensional model that would show the ways in which objects are related and connected.

When associates spend substantial amounts of time collecting irrelevant or overly broad information, partners necessarily write that time down, leading to lost revenue. Further revenue can be lost when more skilled attorneys must complete searches, weed through excessive results or otherwise verify or expand on insufficient research. That frustration can have long-term effects too, leading to lawyer attrition—accompanied by further loss of legal work product and expertise.

[1] International Legal Technology Association, "Survey Results for Artificial Intelligence & Machine Learning," December 2019, http://epubs.iltanet.org/i/1193169-aiml19/2?.

[2] International Legal Technology Association, "2018 Tech Survey," October 2018, https://www.iltanet.org/ resources/publications/surveys/2018ts; International Legal Technology Association, "2019 Tech Survey," November 2019, https://www.iltanet.org/resources/publications/surveys/2019ts.

[3] 8×8, Inc., "Over 50 Percent of Knowledge Workers Cannot Find the Information They Need at Work, National Survey Finds," October 9, 2019, https://investors.8x8.com/press-releases/press-release-details/2019/Over-50-Percent-of-Knowledge-Workers-Cannot-Find-the-Information-They-Need-at-Work-National-Survey-Finds/ default.aspx.

opentext™

The Return on Investment from More Efficient Legal Research

Consider a firm with 100 junior associates with a collective blended billing rate of $250 an hour. These junior associates bill, on average, 2,000 hours per year, and they currently spend a quarter of their time performing legal research. However, due to inefficient searches, 10 percent of that research time is either unrecorded or written off by the billing partner, at a cost of $1,250,000. By adopting AI-powered enterprise search, the firm cut that unbilled time in half, recovering an additional $625,000 per year in additional revenue.

Solution

By leveraging the power of AI, firms with enterprise search capabilities can expedite and simplify this search for institutional knowledge. This increases the firm's return on investment, as less billable time is lost to write-downs, and captures implicit as well as explicit information, transforming legal research into a high-level process of gleaning smarter, more strategic information.

Smart search capabilities aren't limited by the shortcomings of keyword searches. With concept recognition, AI-powered enterprise search can locate and identify— and then sort to the top of the pile—the most relevant and helpful clients, matters and work product. By deploying a supervised machine learning algorithm, attorneys train the system, with exemplar documents, to automatically retrieve and predict relevant content. As attorneys access and search the firm's data sources, including document management systems, time-tracking and billing software, matter management systems and other enterprise databases, AI runs in the background to identify related information. The trained system captures related information, even when critical words and phrases are misspelled.

AI can also reveal implicit knowledge hidden within the firm's data stores. What files do attorneys access most often? Which matters or practice areas generate the most billable hours? Which attorneys have worked on which types of matters— and have done so most recently? By answering the questions that firms may not have thought to ask, AI "enables firms to deliver better service to their customers by drawing upon a richer, deeper pool of knowledge."[4]

The benefits of AI-powered enterprise search extend far beyond these immediately visible returns. With easier automated processes that avoid the frustration and hair-pulling of manual searches, employees have more time for client communications, can get more done and may even be happier, improving retention of attorneys and support staff.[5] AI technology also gives an edge to firms during hiring, and new employees—including lateral hires—can more quickly grasp the firm's areas of expertise and review the firm's bank of knowledge assets without needing to know where to search for them.

Together, these advantages translate into better client service—which itself drives business through repeat engagements and positive referrals.

Use Case 3: Leveraging information to drive efficiency and the competitive advantage

As Thomson Reuters observed in its "2019 Report on the State of the Legal Market," competition in the legal market has become increasingly fierce as demand has stagnated, leaving firms to squabble over market share. And that finite share is being further divided as alternative legal service providers (ALSPs), global firms, downstream legal services and freelancers join the fray. This points out the "unique vulnerabilities" that law firms face: "unlike other businesses, [they] cannot protect their two most critical assets—their people and their clients."[6]

4   Simon Pecovnik, "Uncovering Hidden Knowledge With AI," KM World, June 5, 2019, https://www.kmworld.com/ Articles/Editorial/ViewPoints/Uncovering-hidden-knowledge-with-AI-132146.aspx.

5   Bernard Marr, "How AI and Machine Learning Are Transforming Law Firms and the Legal Sector," Forbes, May 23, 2018, https://www.forbes.com/sites/bernardmarr/2018/05/23/ how-ai-and-machine-learning-are-transforming-law-firms-and-the-legal-sector/#fb7801a32c38.

6   Thomson Reuters, "2019 Report on the State of the Legal Market," https://images.ask.legalsolutions. thomsonreuters.com/Web/TRlegalUS/%7B7f73da9c-0789-4f63-b012-379d45d54cdf%7D_2019_Report_on_the_ State_of_the_Legal_Market_NEW.pdf.

Meanwhile, ALSPs, automated legal services and freelancers have swooped into the resulting void to lay their claim on a market share that originally belonged exclusively to lawyers and law firms.

What, then, can firms do to provide differentiated, value-added legal services, improve their internal efficiency and generate a competitive advantage?

Problem

In its report, Thomson Reuters urged lawyers to "jettison some long-held assumptions" about how law firms work and instead "imagine a new model of how the legal market now works." Specifically, it suggested that firms should consider becoming players in more dynamic markets by adapting to specific client needs, emphasizing the individual strengths of their lawyers and countering the threat from immediate competitors.[7]

For firms that are still relying on manual searches across siloed data stores, those improvements will be all but impossible. Firms where attorneys waste hours, and even days, searching for information are hard-pressed to find the time to anticipate and adapt to evolving client needs. Nor can those firms assemble sufficient information about their practice strengths—or the case precedents to back up those assertions—to support the establishment of a market niche or specialty. Without these key differentiators, law firms are vulnerable to competition from all sides. To make matters worse, firms that do not have unified search capabilities are generally unable to rapidly assemble budget, spend, billing, HR and other business information needed to improve their internal efficiency and increase their profit margins.

Solution

Again, enterprise search offers firms a single, overarching view of their entire bank of knowledge. This enables the practice to establish its unique expertise and create marketing that specifically promotes those strengths, creating a differentiated market position. Demonstrated expertise attracts clients by reassuring them that the firm can handle their particular business and by improving value, as clients will not have to pay the firm to come up to speed on the services they need.

Firms may also recognize niches of unique expertise that have developed over time, and possibly under the radar, so that they can market proactively to clients with these specific needs. Additionally, a law firm with AI-powered enterprise search can identify which matters and practice areas have historically been more or less profitable so that the firm can shift its focus to maximize revenues or otherwise improve its efficiency, increase its productivity and mitigate its risks.

By building its store of useful, accessible institutional knowledge, a law firm can go beyond identifying experts, promoting itself effectively in pitches and serving existing clients well. The firm can then integrate its information across dozens of internal systems to understand how it operates and how it can improve its own efficiency and profits. Integrated enterprise search can also improve attorney satisfaction—and thus retention—by allowing attorneys to focus more intensively on developing their specialties instead of constantly struggling to get up-to-speed on a multitude of practice areas.

All told, firms that use AI-powered enterprise search to connect the dots among disparate data sources can rapidly identify, organize and extrapolate information from all of their documents and systems, increasing their ability to differentiate their services and driving up their profitability.

7   Thomson Reuters, "2019 Report on the State of the Legal Market," https://images.ask.legalsolutions. thomsonreuters.com/Web/TRlegalUS/%7B7f73da9c-0789-4f63-b012-379d45d54cdf%7D_2019_Report_on_the_ State_of_the_Legal_Market_NEW.pdf

opentext™

Conclusion

AI-powered knowledge management offers law firms a way to win more pitches, improve service to their existing clients and generate competitive advantages from more targeted marketing campaigns to improved internal operations. It allows attorneys to access both relevant, explicit information and hidden, implicit knowledge, and to do so faster and with less frustration.

OpenText Decisiv combines all the benefits discussed in this white paper and more. Its single sign-on saves time and seamlessly integrates with all the firm's data stores, generating a unified view regardless of how siloed or disparate they are. It increases individual productivity by allowing attorneys to build personalized work environments, complete searches from within their own work products, save searches and build their own knowledge search application. This allows for an increased firm-wide ROI by building and leveraging banks of information and directories of experts.

Decisiv helps firms pitch clients more effectively by returning credible information—supported by concrete facts—to establish the expertise of a given partner or the firm as a whole. Instead of relying on attorneys' biographies, Decisiv quickly identifies expertise from actual work history, gleaned from billing and time-tracking systems as well as document management systems. And it does so rapidly, so that prospective clients aren't kept waiting or wondering whether the firm is competent to handle its business.

Once the client has signed on, Decisiv speeds up internal legal research by suggesting potentially relevant documents and information based on its experience, including what has been previously approved as valid or rejected as unhelpful. With that feedback, it continually improves its predictions with each new suggested document that a researcher rates. Decisiv also improves profitability by reducing write-downs for unbillable hours spent on inefficient searches or irrelevant, overly broad results.

Decisiv can even improve a law firm's competitive standing by targeting areas of niche specialization, thus enabling specific marketing and advertising campaigns, and identifying inefficiencies in the firm's practice.

The increasing competitiveness of the legal marketplace demands that lawyers and law firms transform their approach to knowledge management. Between heightened client demands, the need for prompt and accurate legal research, and, stiff competition from other firms and new market shareholders, law firms must make strategic choices that will gain a competitive advantage. Integrating Decisiv's AI-powered enterprise search with knowledge management systems can help your firm stand out by establishing your expertise and putting all of your firm's diverse information at your fingertips.

About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on-premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit: opentext.com.

Connect with us:

- OpenText CEO Mark Barrenechea's blog
- Twitter │ LinkedIn

opentext.com/contact