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A Survival Guide for Legal Practice Managers

Artificial Intelligence trends and their impact on the legal sector

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By James Parker, Executive Director, Legal Software Solutions, LexisNexis (<http://www.lexisnexis.com.au/en-AU/home.page>)

While Artificial Intelligence (AI) is not new to the legal space, only now is it starting to gain real momentum, and lawyers can expect to feel the impact as the technology promises to change the way law firms do business.

The legal sector is still in the early stages of discovering the full potential of AI; however innovative firms should take advantage of current and emerging technology if they wish to be market leaders in the industry.

What exactly is AI?

Often called cognitive computing or machine learning, AI is computers completing tasks traditionally performed by people. One way that AI has affected the legal space is its ability to process data to find patterns, perform tests, analyse and evaluate data to produce a set of results.

The law's framework of rules makes it ideal for applying AI systems, where computers will process those rules, enabling them to complete tasks usually performed by lawyers. In simple terms, AI technology works by applying an amount of sample data and outcomes, previously examined by a professional, to a cognitive system, which is then able to analyse large amounts of data at high speed to produce a faster and more accurate result.

The goal of AI isn't to change the nature of legal work or replace human lawyers, but to enable lawyers to concentrate on more cognitive tasks such as developing legal arguments, instead of spending long periods of time on routine duties like drafting and reviewing documents, extensive research of case files and other un-billable tasks.

Not only does the application of artificial intelligence save time in multiple areas, it also reduces human error or fatigue. However, AI presents its own set of risks including technology or algorithm errors, and inaccurate application, which may pave the way for future changes in paralegal and associate roles and responsibilities.

As talk of AI ramps up and an increasing number of firms dabble with introducing the technology into their legal practices, the obvious question to ask is: where are we heading?

3 Key Trends for Legal AI

In 2016, there are key trends developing in the application of AI in case management across the legal space:

1. Document Reviews

Applying cognitive technologies to areas of law that require the heavy perusal of documents such as due diligence, research, investigations and compliance related works will likely increase within law firms as it offers wide-ranging benefits, including cost and time savings and increased accuracy.

AI-based predictive coding techniques allow documents to be reviewed by computers - providing the opportunity for those documents to be reviewed at a much faster rate - and with more accuracy, saving both money and time. It's a technology that benefits firms of all sizes; allowing smaller companies to take on more sizeable cases without the burden of hiring additional staff.

In a case likely to lead to a boost in using AI for document review, using predictive coding in electronic disclosure was backed by the UK high court earlier this year, in the first contested (<http://www.lawgazette.co.uk/practice/high-court-backs-predictive-coding-in-first-contested-case/5055377.fullarticle>) case relating to the validity of cognitive computing.

Predictive coding – approved in the US in 2013 (<http://www.elaw.com.au/news-events/2016/legal-tech-case-disc-pc/>) - involves a set of sample documents being analysed by a lawyer. The software can then analyse and rank multiple documents at high speed

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while employing algorithms that learn from the previously processed data. Berwin Leighton Paisner (<http://www.blplaw.com/>) argued that predictive coding would save costs – claiming that engaging a paralegal to complete the equivalent task would cost 2.5 times more and would be more inaccurate. The ruling followed the UK High Court's landmark decision from February this year to officially allow the use of predictive coding in e-disclosure to automate the review process.

Australian Courts are yet to take an official position, but it's reasonable to expect they will follow suit in endorsing the use of predictive coding given the increasing amounts of electronically stored information creating considerable challenges in cost, time and accuracy.

2. Case Predictions

More exciting for the legal industry is the potential for AI to predict the outcomes of legal disputes and proceedings. Predictions would be made via the automatic analysis of past case records using data mining and predictive analytic techniques to forecast outcomes, such as the ideal percentage at which a specific offer would lead to a settlement.

This AI application would significantly aid lawyers in the general management of cases, by enabling them to make decisions based on the likelihood of a certain outcome taking place.

AI for case predictions is already being used to some extent. For example, London firm Hodge Jones & Allen (<https://www.hja.net/>) implemented (<http://raconteur.net/business/time-for-technology-to-take-over>) a predictive model of case outcomes which assesses the viability of its personal injury caseload.

Developing the model involved the analysis of data (based on the outcomes of 600 cases over 12 months), with particular focus on the factors contributing to case outcomes, the awarded damages and costs to the firm.

Using AI in case predictions is a good example of how the combination of cognitive computing and human expertise provides an enhanced customer experience. Such AI models support better decision making in more accurately forecasting results, increasing chances of winning a case or adding confidence to legal advice.

3. Advisory Services

Another emerging trend in the potential use of AI in the legal space is its application to simple advisory services.

AI technology isn't able to provide specific advice in relation to a particular client matter. However it can respond to simple (and common) legal questions while also providing ample supporting references, by analysing large amounts of legal documents, cases and legislations - something which would traditionally require a paralegal or trainee lawyer to invest hours, if not days, of their time, reading through text books and case reports.

An example of AI advising is the use of legal web advisors (<https://books.google.com.au/books?id=gclLFDThcx0C&pg=PA100&lpg=PA100&dq=ai+law+advisory+services&source=bl&ots=tNQQfB8GtW&sig=46QfMl6snhO8uEPNHLCda9wKtMC&hl=en&sa=X&ved=0ahUKFwiDwomIzPAhVI>) which uses AI software to lead the client from one question to the other via a decision tree system. The software analyses user input to classify the problem, analyse it and produce output in the form of a problem solution.

While clients won't receive the legal advice expected from personalised consultation, they will receive a valid level of professional direction, which may be enough for those unwilling to pay the fees required to obtain traditional legal advice.

Where do we go from here?

Artificial intelligence will not take the place of a lawyer, due to the complex nature of disputes and negotiation and the expectations of clients. AI will, however, continue to challenge traditional models of legal service delivery, to automate services, decrease costs and improve accuracy using data.

At the moment, AI's impact is predominantly on paralegal and junior lawyer roles, whose current duties are likely to become automated over the next several years. AI's ability to deliver better decision-making through using data for case prediction or matter analysis also adds value to the client.

Firms that are implementing AI strategies, usually through collaborations with specialist AI technology providers, are viewed as innovative and cutting-edge.

Soon, though, firms which refuse to do so will be viewed as out-dated and out-of-touch, as AI becomes the new normal in the legal sector.

About our Guest Blogger

James leads the Legal Software Solutions (LSS) team at LexisNexis (<http://www.lexisnexis.com.au/en-AU/home.page>) Pacific which is responsible for delivering software solutions that improve the legal outcomes to clients, helping them to make better decisions,

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achieve better results, and be more productive, by combining content and data with workflow, analytics and technology, leveraging the New Lexis platform and cloud technology. James previously led the LexisNexis Practice Management group across the pacific region.

James has a wealth of experience in the technology field and prior to joining LexisNexis Pacific, held senior management roles developing and managing UK and international Customer Services. His employment history includes Head of Operations and Customer Services with LexisNexis UK, Director of IT and Support at Jacobs Rimell and Senior Manager of Customer Services EMEA for Vitria Technology.

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