

# Briefing

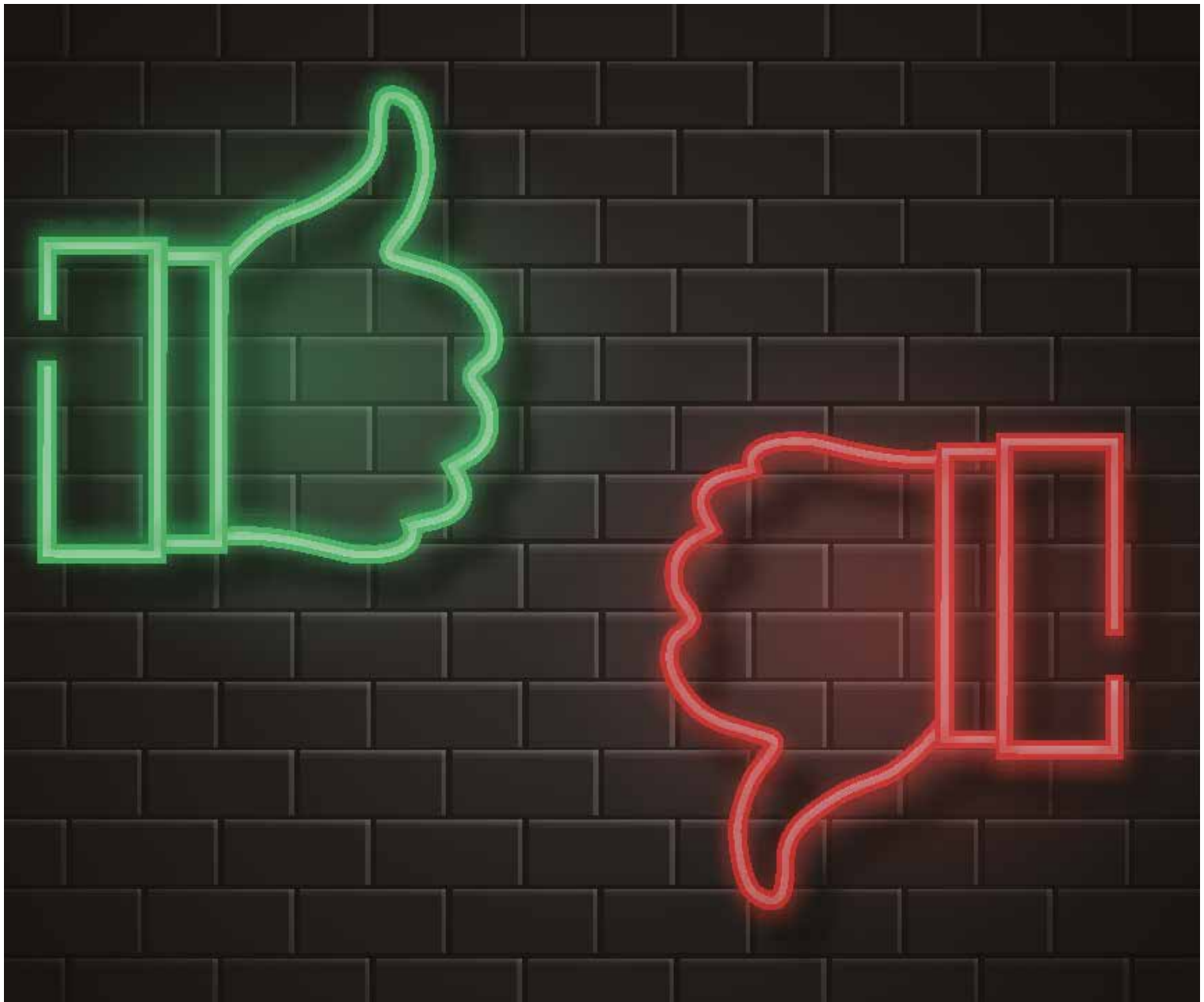
July/August 2018

SMARTER LEGAL BUSINESS MANAGEMENT

**WARE CHANGE**  
Jessica Burston at Royds Withy King  
on her transformation journey

**GROW FIGURE**  
Mills & Reeve on managing greater growth  
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# Editor's letter



## A

Almost three-quarters (72%) of your clients already have a panel/preferred list of vendors, with a further quarter planning to develop one – which will make this one of the most common procurement tactics around, according to the recent 2018 Buying legal procurement survey. The Buying Legal Council points out that more firms therefore risk the possibility of “losing long-standing clients in the next round of panel formations.” Or in other words, your competition (probably) just got that little bit tougher.

One of the other really popular measures – and set to become even more so if the planners follow through – is negotiating alternative fee arrangements (AFAs). In fact, once you factor in those who say they plan to develop this toolset (and/or skillset), slightly more will be doing this than

are issuing RFPs. Moreover, exactly the same percentage will be carrying out data analytics on spend – suggesting cost clarity and predictability, which we hear so much about anecdotally at **Briefing**, really is paramount to the increasingly procurement-influenced corporate legal function.

AFAs also came up a number of times in presentations at the EMEA Legal procurement conference, hosted at

Dentons last month. And I was particularly intrigued by the idea put forward that firms could come up with an AFA specifically linked to a firm's successful investment in innovation. Never mind that another presenter pointed out firms really need to be wary of coming up with AFA options clients struggle to track – one example given was a set-up where partners billing in excess of a threshold automatically switch clients from the hourly to a monthly discounted rate, applied across all matters – it also raises the issue of how exactly you judge ability to innovate.

Is this the same thing as efficiency? Even if not quite, there's little point pursuing innovation that goes unlinked to the value clients receive one way or another. So, have you asked your clients what innovation means to them as a business? As our feature this issue explores, there may be more to it than even your innovation forum thinks.

**RICHARD BRENT** EDITOR

# Briefing<sup>▲</sup>

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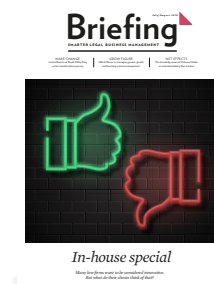
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*Home on the change*

“Change fatigue is real – and it’s a real risk, which might not be fully appreciated.”

Jessica Burston,  
director of operations,  
Royds Withy King



**Briefing** is the only legal business management title, and is focused exclusively on improving the work and worlds of law firm management leaders. Every issue is packed with relevant insight and lessons from peers and pros.

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 ROUNDUP

# IPOMG



Y

ou wait for years, and then they all seem to come at once, right? Without a doubt, the only letters on everyone's lips in legal this last month have been IPO.

A **Thomson Reuters** poll of large law firm finance directors finds the number that would consider a stock market flotation has jumped from 12% to 20% in just a year. And **DWF**, the largest UK firm known to be exploring the option to date, has issued a statement clarifying its position.

"We have been considering a number of strategic options for our business, including the possibility of an IPO on the London Stock Exchange," it reads. "If we were to proceed with

## 20%

**Of top 100 law firm finance directors mulling a future float, as fifth UK firm confirms the strategy**

an IPO, we believe that it would enable us to achieve our strategic objectives more quickly, while also enhancing our ability to attract and retain the best talent and to incentivise our people by aligning them through offering ownership within the business.

"We are focused on an IPO; however, a number of options are available to us, and we can still continue to build on our success to date, with the support of our clients, under our current structure. For the time being, it is very much business as usual."

So, watch this space. That news came hot on the heels of **Knights** confirming that in June it was set to become the fifth law firm to float on the alternative investment market – a move set to value it at at least £100m.

Back in April, CEO David Beech said in a press release that Knights had welcomed 16 new partners from more "traditional" law firms to its alternative business structure – in line with its growth strategy – and referred to "an outdated

model which doesn't support profitable growth."

"For those law firms which carry excessive debt and unnecessary overhead, equity partnership has become a high-risk career move that could end in personal financial disaster."

Knights won private equity investment and adopted its current corporate structure in 2012. In May 2018, it also acquired Manchester-based law firm **Turner Parkinson**. Four acquisitions in five years, plus organic growth, have propelled it well into the top 100 with a compound annual growth rate of 32%. James Sheridan, head of corporate at Turner Parkinson, said his new firm had pioneered "an ownership model that represents the future of the legal industry."

Elsewhere, some firms are busily refuting a flurry of speculation on the subject. However, another legal business certainly set to benefit from some new finance power is **LOD**. The flexible-lawyering 'NewLaw' pioneer has secured the backing of mid-market private equity firm **Bowmark Capital** for a buy-out from recently merged **Bryan Cave Leighton Paisner** (BCLP).

"This is all about access to capital for our next stage of growth," said LOD CEO Tom Hartley.

"LOD has already been a separate entity from BCLP for the last six years, during which time we've seen excellent growth. We want to maintain that expansion by continuing to add new service lines, geographies and technology to our existing offering for our lawyers, consultants and clients."

Neville Eisenberg, BCLP partner responsible for LOD (and a former long-term managing partner) said: "BCLP has committed to remain close to LOD, partnering with the business for its flexible lawyer needs and we look forward to seeing the results of this exciting new chapter. ▴"

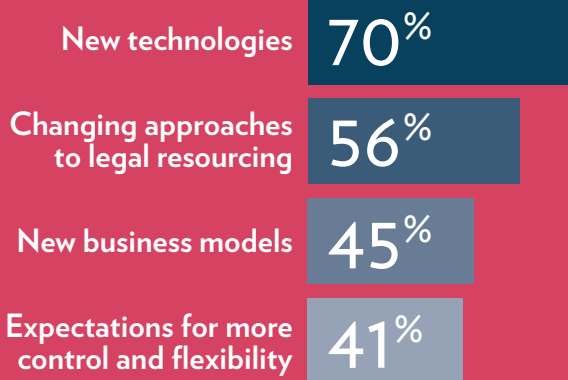
**"If we were to proceed with an IPO, we believe that it would enable us to achieve our strategic objectives more quickly, while also enhancing our ability to attract and retain the best talent and to incentivise our people."**

## Tech mate?

From machine learning to freelancing, much has been predicted – including in these pages – about forces reshaping the staffing of future legal work. Now a report from Peerpoint, Allen & Overy's platform for consultant lawyers, asks lawyers what they think will change for them – and sure enough, technology is top of mind

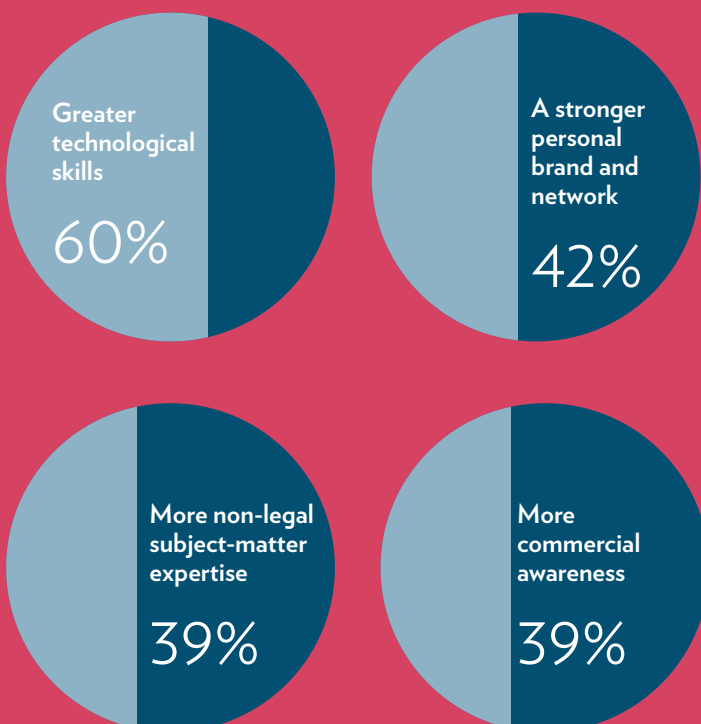
**1** When firms are asked which business trends would have the greatest impact on their working lives over the next five to 10 years, new technologies clearly come out on top.

What do you see as the key drivers of legal market change today?



**3** But they're just as clear that technology is the area in which lawyers will most need to upskill in response.

What skills or attributes do you think you'll need as a lawyer in the future?



**2** More lawyers say they believe technology will be useful in their future work and careers than view it as a threat.

How will growth in tech affect lawyer careers?

61%

say new techs emerging will "augment" their careers. But ...

3%

of lawyers believe it will increase their risk of redundancy. And ...

5%

of current law students agree.

Source: The Future for Legal Talent, Peerpoint, Allen & Overy. Poll of 1,000 law students and lawyers in private practice, in-house, and working as consultants (largely in the UK or Asia Pacific), at a range of points in their career



# Opinion

## ▶ SPEAK UP

# Put that in your hype



Stephen Allen,  
Head of legal services delivery  
Hogan Lovells

● @Lex\_Futurus

**Our market is awash with irresponsible announcements, press releases, hackathon write-ups and general BS. Only the headline is seen and any facts (or otherwise) in the meat of the story are ignored**

I've been in this industry a long time – private practice, in-house, client (stopped practising), consultancy and back into private practice again. As the current cliché goes 'it's been a journey' ... and one not without bumps, crossroads and the odd U-turn.

But I am still here, still working at making things 'better, cheaper, simpler'. There are a number of 'mes' out there, rare souls plugging away trying to make change – be that revolution, evolution or a bit of both.

Change is not linear. It comes in fits and starts. It stutters, it explodes, it pauses. Like many, I am sure, there have been times in my career when I thought change would never happen, when that pause seemed too long. However, we have seen massive change. Not enough and not quickly enough to meet client demand, but we have seen it, and this should be a reason to celebrate and push on.

However, there is something new preventing that. This something has many names – wishful thinking, hype, or, as I like to call it, BS. Our market is awash with irresponsible announcements, press releases, hackathon write-ups, and general BS.

It's proliferated by lazy commentators who just rewrite the press releases without comment or critical thought, and then share, like, retweet, and so on – so that only the headline is seen and any facts (or otherwise) in the meat of the story are ignored.

For many, I know, this may be part of

the game – a 'have to do' to compete.

However, the law of unintended consequences is likely to rear its unwelcome head and bite us all on the behind. Because hype can never satisfy the expectation it creates. It creates a 'downer' that infects hope, ambition and innovative fervour. Ultimately it damages us all, and it holds us all back.

In January 2018, I was at LegalTech in New York. Every single exhibitor had artificial intelligence, machine learning, blockchain – or in some cases all three – as headlines in their materials. Our industry can't seem to help itself.

Just two weeks ago I was talking to the CEO of the biggest AI brand in legal, and he was bemoaning the BS which is overshadowing genuine AI.

There is some great tech out there and some great innovation (some with and some without tech). I see respected counterparts at other firms, in-house, in new law and in tech, all doing some amazing things that truly add value. But all this good stuff gets lost in the game of BS bingo – where expectations are heightened and then unsatisfied. The real story could provide insight for others – but self-proclaimed 'gurus', who but a couple of years ago thought AI a Spielberg movie, overshadow this.

This industry will change, but it needs to do so in way that is sustainable. It's about time we started challenging those that BS. I've done it, and they don't like it. They snarl or hide. But it is important, and this way all the hard work we are putting into solid and sustainable change will be seen for what it is. Innovation. ▶



## SPEAK UP

# Sign of the tide

In Henry of Huntingdon's story, King Canute demonstrates to his flattering courtiers that he has no control over the incoming tide; explaining that secular power is vain compared to the supreme power of God. The tale is frequently misrepresented, instead describing Canute as believing he had supernatural powers. But regardless of the moral, the practical message is simple – if you don't have the tide with you, you may be unlikely to succeed.

The gender pay gap legislation really seems to be surfing a tide. Could it be that we may see a step change in attitudes toward women's pay? Fuelled by high-profile reporting on issues such as #MeToo and the demands of female news reporters for equal pay, the timing and context for the gender pay gap delivers government a real opportunity to drive through change. But of course, it's not just their job. Every board, HRD and manager in every business needs to get off the fence, with its foundations in tradition and historical practice, and start to rethink the value of female human capital.

Much like the Canute story, confusion abounds over the gender pay gap – but frankly this is semantics. Analysis of the female labour market through any lens too often reveals that women are being paid less than men. Of course, the reasons are complex. One would hope that if it

were simple it would have been resolved a long time ago. And many contributing factors are deeply entrenched in societal values, which organisations are too quick to dismiss as beyond their control. But if the labour market responds as other markets (and according to economists it does), the sooner organisations start demanding more loudly that there be women in roles currently dominated by men, the suppliers (so, academic institutions and trainers) will speed up the changes needed to provide girls and women with the requisite skills.

Firms can, of course, make a major difference – for example, by promoting the distribution of parental care through equality of benefits and proactive promotion of male part-time working. They can also start to ask fundamental questions about the unconscious bias that exists within client delivery, promotion and recognition policies.

However, we also need to ensure we're not trying to shoehorn women into styles of working that haven't yet succeeded in creating a place where female talent thrives. Too much legal practice reflects traditional, male-oriented models. Let's use a little original thinking, and challenge what has gone before to create organisations that allow women to reach their full potential and value. Let's not risk demanding the turning back of this tide. We know what happens next ...



Louise Hadland  
HR director  
Shoosmiths

**Analysis of the female labour market through any lens too often reveals that women are being paid less than men**

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# Features

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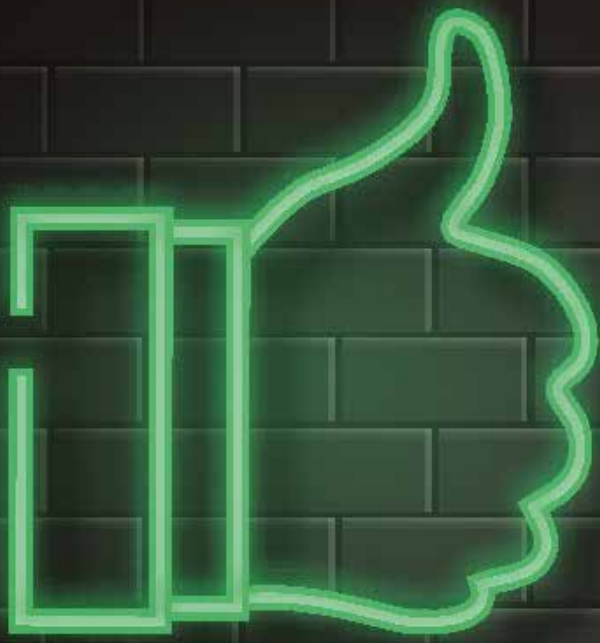
*The big idea*

With innovation incubation all the rage, **Briefing** asks if clients appreciate firms' ideation efforts

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*Briefing people*

Jessica Burston, director of operations, **Royds Withy King**, talks successfully engaging people in a world of change



THE BIG IDEA

# Do clients care?

Ideas for encouraging ‘out of the box’ thinking among law firm employees are many and varied. But what does your client really think of it all?

**W**ith Slaughter and May becoming the latest firm to confirm plans for a legal technology incubator – a companion to its ‘Fast Forward’ fintech model is coming in 2019 – legal business shows no sign of tiring in its apparent push to uncover ideas you could (and they do) describe as innovation.

But how do your clients really feel about this burgeoning legal business scene? Believe it or not, it has been put to this magazine more than once in recent months that some in-housers simply aren’t interested in what law firms think about how innovative they are. Frankly, perhaps they’d rather their providers focused that time, energy and excitement on what you might consider to be the fundamentals of a service – elements like

consistency, commercial understanding and commitment to share the burden of business risk. But, never ones for putting words in people's mouths, **Briefing** decided to ask them.

### Culture clashes?

Adam McArthur, assistant general counsel, corporate UK, at AstraZeneca, succinctly summarises: "Law firm innovation matters, but for me it only matters to the extent that it will help to solve or mitigate our specific business problems.

"Firms' focus should be on addressing our real-life challenges, rather than generic solutions that don't add any value."

Therefore, as McArthur explained to delegates at this year's **Briefing** Operational Leaders in Legal conference in March 2018, he has been working on his external law firms to reframe their approaches to talking technology.

"At AstraZeneca we're actually now building specific and tailored questions about the technology offer and innovation into our terms of engagement – but they are clearly geared to how solutions will help in our own case. We want to hear about specific issues, not 'let's talk about tech'."

Kate Burns, general counsel and company secretary at 10-year-old online retail business Notonthehighstreet, goes further. "Yes, we might be interested in innovation, but it can't be token innovation. The gap between GCs and law firms isn't one you can fix with technology. It's about cultural change."

"I want the law firm team that turns up to know my business – and that includes understanding my business culture. A team of five middle-aged men in suits turning up on my doorstep does not reflect my business. Two-thirds of our workforce are women for a start, and the average age is 30. We are dress-down and very informal. If somebody walks in here in a suit, people worry!" she laughs. "Some firms just don't seem to have sensitivity to the culture of a place – but that's what a business is built on."

And diversity is an important marker of an openness to change, she adds. Formerly at Freshfields Bruckhaus Deringer, when she was appointed to its management team she was heavily involved in the firm's work on tackling the subject. "In fairness, I think firms are finally now beginning to understand what needs to be done," she says. But that's not to say those initiatives have

**"Yes, we might be interested in innovation, but it can't be token innovation. The gap between GCs and law firms isn't one you can fix with technology. It's about cultural change."**

*Kate Burns, general counsel and company secretary, Notonthehighstreet*

yet filtered through to a change in the line-up.

With a small legal team, Notonthehighstreet also makes good use of the flexible lawyering trend to resource significant peaks in work (such as nearing the recent GDPR deadline). But even when it does need a full law firm on-side, Burns will seek those that make an effort to be "outside the box" of needlessly stuffy tradition.

"I see mid-tier firms coming closest to the right cultural shift," she says. "Interestingly, that's exactly the part of the market that some commentators have said won't make it through. But I'm not sure that's right."

### The way that you do IT

So, it ain't just what you do as a law firm – it's the way that you do it. For example, as well as assessing his law firms for their practical innovation credentials, McArthur at AstraZeneca is also pushing for a more structured and consistent regime of ongoing conversations.

"Technology should be a regular agenda item," he says. But the discussions firms are trying to have with him also need "opening up" in various ways – avoiding "legal speak" as well as "tech jargon", and partners demonstrating more willingness to "ask the stupid question."

He continues: "Frankly, sometimes partners will simply not understand the question, but still pretend to have the answers. Others will admit to not being the best person and connect you either to another lawyer they know, or to someone with the knowledge in business operations." Hopefully, it's clear which of these is the preferred course. "I don't expect a partner to know the very latest about what's happening in Silicon Valley, but I should be able to expect an open and pragmatic conversation."

McArthur also advises firms to be more proactive in bringing the right people to the

conversation if they really want to show a competitive edge. “You typically have to lead them in that direction,” he explains. “Of course, these are smart people – so if you ask a leading question about having the right people in the room for a conversation about contract analytics or e-billing, the chances are you’ll get them. But it’s still quite rare for them to suggest a session involving their head of legal ops or technology and the counterparts on our side.”

Burns agrees. “I’d love to see firms better matching more of their available talent and skills to their client needs. A significant proportion of the business is business services talent, but so often the firm isn’t using them to provide business services to the client.

“I want to see a really good relationship manager in the team, and that person probably won’t be a lawyer. I also want a project manager, and, if I have a data-breach crisis, someone who understands how that data operates.”

### Spend game

Bjarne Tellmann, general counsel and chief legal officer at Pearson, would also like conversations with a wider group of business experts than firms typically provide. For his business, however, the skillset most notable for its absence in these meetings is cost management.

“I still find it disappointing when many firms come to our pitches without bringing people who can have granular discussions with our procurement specialists about challenges around cost base and pricing. Many still believe the ‘rainmaker’ partner capable of that, which isn’t always the case. Cost continues to be important, both in terms of bottom line and transparency and predictability.

“The best firms also maintain contact proactively, and offer up associates or even partners to work at cost within client groups for periods of time, to learn what we do and what’s important to us. I think that what we want as a business has largely stayed the same – quality service and partnering at a competitive cost.”

And innovation? “I value the free technology that firms sometimes share with their clients, such as tools that allow us to develop and download basic memos or advice on core concepts. That is

**“I still find it disappointing when many firms come to our pitches without bringing people who can have granular discussions with our procurement specialists.”**

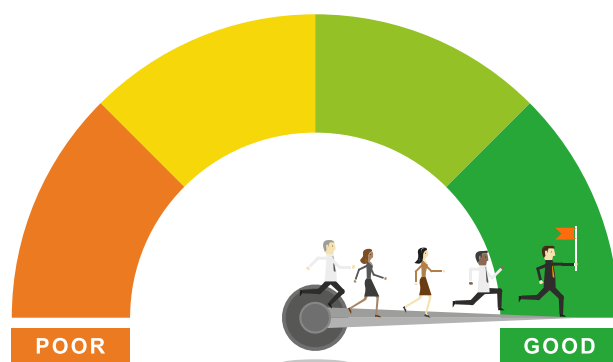
*Bjarne Tellmann, general counsel and chief legal officer, Pearson*

value-additive.

“But we focus on first understanding the problems we’re seeking to solve, then designing the right process-based solution, and only then looking at technology. The solution will often lie in existing technology or a minor upgrade. Then we’re always open to ways firms can support or enhance that effort with their own solutions.”

Burns adds that the firms winning Notonthehighstreet’s work also aren’t necessarily the ones offering up the technology solutions most frequently badged as innovative today. “It’s not the fancy stuff, but they can send an engagement letter for me to e-sign, or a regular update on WIP. And they can send marketing material targeted for what I want to see and know. In our business we consider our marketing email content and positioning so carefully, but many firms just don’t seem to be up to speed on that at all.”

On the other hand, Tellmann says firms can distinguish themselves (and some do) by being innovative in approaches to Pearson’s top priority. One of many businesses taking steps to reduce use of outside counsel, he finds the ecosystem for maximising efficiency of service delivery has



## View finders

In April 2018, Barclays announced the latest in its network of innovation and co-working Eagle Lab spaces – a LawTech Eagle Lab in Notting Hill. The 16th such facility around the country, it promises to facilitate learning and activity for entrepreneurs such as coding, hackathons and rapid product prototyping, mentoring from law firms and, of course, incubation. Partners already signed up include Allen & Overy, Clifford Chance, Gowling WLG, DWF, Norton Rose Fulbright, Simmons & Simmons, Clyde & Co, TLT and PwC, as well as the Law Society, University of Liverpool and University College London.

Stephanie Pagni, Barclays UK general counsel, says: “It’s incredibly important for us that our partner law firms demonstrate that they are innovative, but even more so that they’re willing to collaborate, are keen to help build a community that fosters innovation, and support other firms that join the incubator. Just as fintech is positively transforming banking, law tech promises to positively transform the legal profession.

“Putting many parties, from a variety of backgrounds in a room, to solve a diverse range of problems, brings diversity of thinking, but also diversity of approach. The natural tendency to protect ideas rather than collaborate breaks down, and the end result is often much more impressive than if a single firm has sought to devise innovation on its own. That is the success of the Eagle Labs – they foster connectedness and diversity of thinking.



“Partnering law firms will provide feedback and guidance to help entrepreneurs develop, test and refine their products, with the potential to implement new technology into their firms.”

However, Pagni says, the move also aligns with a less-commercial mission – and one which should chime with, and appeal to, firms that say they’re committed to corporate social responsibility.

“There are obviously areas for commercial application, but there is also huge potential for better solving the day-to-day legal needs of individuals and small businesses. I think this has the potential to help make law and legal services more accessible across a range of areas. We want to have a positive influence on the wider legal community for

**“The end result is often much more impressive than if a single firm has sought to devise innovation on its own.”**

*Stephanie Pagni, general counsel, Barclays UK*

social good.”

Originally moving into spare space in the bank’s own office network, the initiative has in the past welcomed children to learn as well as businesses. And it’s designed to operate as a community resource – for example, driving digital skills development. But applicants must also discuss their aims and relevance, funding status, and commitment to the “ecosystem”.

Pagni says she was “inspired” by her visits to the bank’s other 15 labs, but that London is both a natural and a strategically important home for this one.

“The UK law tech market is in the early stage of its lifecycle, but the number of startups in the space and investment in the sector is steadily growing.

“London is home to some of the greatest law firms in the world, with an increasing number of high-growth international legal startups also choosing the city as their second market. There is significant access to capital, tax incentives for angel investors and a huge tech talent pool, particularly in artificial intelligence. We firmly believe that there is no better place for law tech to thrive.”

become even more sophisticated in recent years. For example, he says he can now hire “super temps” for internal support, and “external procurement specialists to assist departments with identifying the right firm for the right work.”

And he says UK firms, in particular, have risen to the challenge. “They are becoming increasingly sophisticated in terms of designing appropriate cost models in response, and will succeed if they have a clear idea of where they fit within our ecosystem and play to their strengths within that.

“The system now needs to move toward firms

adding further value by becoming even more expert in advising on legal process optimisation, cost, procurement and risk – in other words providing consulting, as well as pure legal services.

“Helping clients understand key trends across industry verticals would also be helpful, as that’s a vantage point they get, which it can be difficult for in-house teams to see.”

So, perhaps stop to think before you offer up those innovation hours for lawyers to stop and think. Have you devoted enough thinking time to what your clients most want to change? ▀

## BRIEFING PEOPLE

# Prime to change

Jessica Burston is the first director of operations for Royds Withy King – and it's her first leadership role in a law firm. She says the merged firm is very open to further change, and engagement is key to making it happen

Words Richard Brent



R

oyds Withy King has been on a spree. In February 2018, it welcomed aboard its first marketing and business development director Kevin Peake (formerly at Irwin Mitchell) – and this followed hot on the heels of a head of risk and best practice (Emma Palmer) and also its first external non-executive chair of the board (Louise Fleming).

Another first for the firm in this rapidly forming, post-merger management crew is director of operations Jessica Burston.

“The merger between Royds and Withy King tipped this business into a significantly larger-scale operation, needing a more formal structure and co-ordinated governance, but also modernisation and change,” she says. Burston had met managing partner Graham Street while working toward her MBA, and both thought it would be a good idea to put her experience leading change programmes at other organisations into practice at a legal business where transformation beckons.

## Grow with the flow

Burston wasn't entirely new to the legal sector. Now just over a year in the role, she previously spent four years as a regional director with

outsourcing solution provider Intelligent Office. So, she's acquired plenty of practical experience of different staffing decisions, and how one might audit the flow of work for efficiency, and perhaps redeploy resources and tasks in areas such as document management.

“A big area of focus for firms today is ensuring that tasks are being performed at the most appropriate, and therefore the most efficient, levels,” says Burston. However, deciding what needs to change is arguably the easy bit.

“Firms can look quite similar from the outside, but inside – culturally – are often very different. Practice-area mix and geographies are big determinants, but many other factors also influence change management. For example, some will blast new tech in immediately and bring people up to speed after. Others identify non-technology change, and then bring systems in after to support the new processes.”

You can find pros and cons in both, says Burston, but in her current role she has favoured the second. “I wanted us to identify genuine problems before offering new solutions,” she explains. “Where I've seen change encounter most problems is where people can't 'own' the changes. Either they don't understand why something is



 **FIRM FACTS**
**ROYDS WITHY KING**

Offices: 6

Countries: 1

Revenue (YE April 18): £36m

Headcount: 494

Ratio, fee earners to business services employees: 0.7: 1

happening, or they feel it's being done 'to' them by business services, rather than with, and of course for, them." Her first action was therefore to spend time setting up multi-role workshops and listening to her new teams' top business frustrations – before using that knowledge to drive decisions about immediate priorities that could also be “quick wins” in terms of engagement.

“For me, process improvement is above all about the best use of individuals' time. What takes up people's time that they dislike? What's most frustrating and personally inefficient, and how can we potentially change that?”

As a result, she's investigating some things that might be expected in a firm that has grown through merger, such as better integration between different systems. And there's also a certain push toward being more paper-light (although not paperless, she stresses.) “Often it can be about using existing systems to remove process duplication on paper; even granting people permission to stop doing some paper-based things they mistakenly believe to be compulsory.”

### Pathways and means

A change of physical office space has also helped this cause, she says – not least, by introducing new desk layouts and storage arrangements, and in getting kitted out for more open-plan working.

Burston says: “I really do want to reduce reliance on email for communication, but that's just one effect of opening up more working space. I've found that firms often aren't sufficiently horizontal in their working, and too many silos can be a block on innovation. We'll have long-term infrastructure projects to manage of course, but we also want an environment where ideas can flow more freely. That generates excitement and a feeling of influence, which helps to keep people engaged in the whole change programme.”

Meanwhile, another driver of law firm change maps very well to an earlier chapter in Burston's career – delivering operational improvement in different parts of the NHS.

“Lawyers and medics are both groups of independent, highly intelligent knowledge workers, and I suspect there's a similar mindset, leading to some similar behaviours and perhaps tendency to resist change,” she says. “I think the

patient pathway can also be likened to the client experience journey.” Operations leaders in both areas need to reconcile what may be conflicting internal priorities in the interests of the end user.

“Professionals can get overly caught up in delivering a service as they believe it needs to be delivered. You need the discipline of testing what you're doing by constantly putting yourself back into your clients' shoes.” That includes – for example – understanding client preferences for communication or tech-enabled access to elements of service, and accommodating different groups of needs wherever possible. “If you're sensible about it, you can offer choice at the front end and automate workflow for efficiency right behind it,” she says.

“But fee earners are our customers as well – and you really do have to think of them that way.”


### Needs of speed

This efficiently brings us back full circle – to the value of a sensitivity when introducing and leveraging change in any business. Organisational change is itself a cycle, says Burston. It needs the right amount of maintenance to keep everyone's performance at peak.

“The biggest challenge is really to balance keeping up the necessary speed of change with the sometimes competing needs of business as usual – because you somehow have to manage to adapt and transform the firm, but to keep everything growing the way you want it to at the same time.

“That's quite a lot of pressure, and understandably people can get tired of change. They need some time and space, and the business needs to take care of its culture and engagement levels. Change fatigue is real – and it's a real risk, which might not be fully appreciated on paper.

“As you increase the organisation's appetite, you can increase resilience to an extent. There's even one argument that it's best to keep up a certain pace, so you keep profiting from the latest delivery of change into the next. However, you also need to be careful that wheels don't spin out of control.”

So, the message is to monitor responses to change, at the same time as the changing legal and business risk landscapes, if you're on a transformation journey like Burston's. Then you shouldn't need to hit the brakes too hard. 

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# Brain training

## 20

### *Exchange views*

Mike Gutsell and Sophie Thompson at **Osborne Clarke** explain the internal thinking behind an international intranet strategy



▶ HANDS ON

# Exchange of views

Osborne Clarke's Mike Gutsell, internal communications manager, and Sophie Thompson, knowledge systems manager, explain how the process of developing an intranet fit for a growing international firm also involved building new channels in the physical world

**A**n intranet needs to be part of the fabric of a business: appealing, engaging and usable. So, with hindsight, perhaps the writing was on the wall for our old intranet from the outset. It was officially and unaffectionately known as 'The Intranet' – and it was generally acknowledged to be the best place to hide things.

When we started considering a new intranet, we realised that times had changed. Intranets were no longer one-way communication channels, poor relations to 'proper websites' or glorified storage systems. They had grown up to become platforms that actually 'did stuff' – drove collaboration, enabled conversations, brought knowledge to life, gave access to business tools, and so on. Some even had moving pictures.

And we had changed too. When 'the Intranet'

was launched we were an Anglo-German law firm. However, by the time we started planning our new intranet, we were an international organisation, established throughout Europe and beginning to spread our wings in Asia. One of our many objectives was to use our new intranet to bring this emerging international organisation together – to create a sense of belonging.

For that reason, one of our first actions was to give our new intranet a name: the Exchange. We felt this really encapsulated our vision and made our ambitions clear. Then we realised we actually had to build the thing, and that a name was only the beginning. So, here are a few stories to give you a glimpse into our journey as we built our new intranet, including some management lessons we learned along the way.

### Make some room

Collaborating across departments is what you're supposed to do with an intranet, so our intranet team was duly made up of people from our legal teams, comms, knowledge, IT, our PA community and HR. But our day jobs just kept getting in the way, so we made some room – literally. We commandeered boardroom 13 and moved in. That room became our war room, with a core team in residence and plenty of space for other people to join in. We put charts up on the walls, celebrated birthdays, and did away with tons of email traffic just by asking each other questions.

Often people would drop in

**Most of all, we wanted to encourage user-generated content and create international conversations**

and work on their intranet pages, giving them access to our knowledge of the system and us a working knowledge of the new content that was being developed. All of this helped to break down the silos that can spring up between business functions, and to build engagement with the new intranet well before it was launched.

Room 13 also became the meeting place for our steering group – a broad-based team of mostly senior people who guided the strategic development of the site. In time, that group also became our governance group: a group of key decision makers across the international business, and one which still guides the direction of the intranet today.

### Make it personal

Remember 'the Intranet'? One of the reasons it was so unloved was that it gave everybody exactly the same experience. We wanted the Exchange to bring our international organisation together. But we also knew that people are most interested in the areas they work in day to day – their sector, practice, office and country – and there was a strong pull to identify with those groups over the international business, particularly where offices currently had a legacy

intranet solution in place.

After a lot of conversations (including some with senior management at our national businesses), we eventually came up with an 'audiencing and global navigation plan' that addressed most of the issues. As you'd expect, there was a lot of compromise involved but it was still an important breakthrough. The Exchange homepage would be a common international area, but also give people access to 'audienced' feeds, more relevant to them. If you were in Germany or in Italy, you would open the intranet and see the same international landing page, but with dropdown menus displaying content that was only relevant to your country. This personalisation was increased by social functionality that allowed employees to tailor their feed by following specific people, pages and hashtags.

### Make it easy

The other problem with the Intranet was that it was pretty much a closed shop. Only a very small number of people, mostly based in the UK, could edit it. It was very much a 'push' communication medium. We wanted the new intranet to instead truly empower our people to communicate with each other and the business at

large. Most of all, we wanted to encourage user-generated content and create international conversations.

To enable that, we created an international content editor network and travelled extensively to train key people across our European offices in what this role involved. From associates to PAs to BD managers, this group learned how to create and edit their own intranet pages and how to publish news. That gave people a real sense of ownership, and soon we began to see a flood of content coming in from outside the UK. To make things even easier we built the Exchange using a productised version of SharePoint 2013, with easy-to-manage templates and logical approval and publication sequences.

### Make it flexible

As a relatively new international business, we also wanted the navigation to reflect the focus of our business. There was just one problem: like the Exchange, our growing business was a work in progress, with a structure that was still in the process of definition. This was a critical point for us. We didn't want to create a rigid navigation, as that could have ramifications down the line. Equally, we didn't want to leave it too undefined as that would create confusion.

There was only one way around this, which was more consultation. Lots of it. This was perhaps the most fraught part of

the entire process, with literally hundreds of differing opinions. But it was only by listening to them, acknowledging, sharing ideas and pushing back that we were able to come up with something with the flexibility to support the business as it developed and create a logical experience for users.

### Make it social

As you've probably worked out by now, we really, really wanted people to contribute, share knowledge and ideas and build networks. But this wasn't natural behaviour for many people. Some just didn't 'do' social media, some didn't particularly want to learn how to do it, while others felt they didn't have permission to do it (and in some cases they didn't, but that's another story).

In order to tackle this we identified the key influencers in each business group and arranged 15-minute one-to-one sessions with them. In that environment people were often happy to admit their lack of knowledge around social media, giving us the chance to show them the basics in a non-threatening environment. We

**We created an international content editor network and travelled extensively to train key people across our European offices in what this role involved**

## THE DEBRIEF



Osborne Clarke needed a new, more creative way to drive more international conversations and collaboration as the business kept growing.

The firm set up a multi-functional team in a dedicated space to work through project goals and steps, and identified an international content editor network, trained in intranet content creation and empowered to encourage participation. Key social media influencers were also given brief one-on-one training sessions to demystify the processes and inspire confidence that people could share knowledge and ideas 'in safety'.

At the same time as offering a global view, however, the final design was flexible enough to recognise the fact that people are most interested in what's most directly relevant to them, with opportunity to filter by geography and personalise.

also created a short video covering the basics and made sure line managers understood that using the social functions should be encouraged.

Of course, we also had a slight concern that there may be some inappropriate use. But we needn't have worried, as people responded with a range of stylish, fun and informative posts. To err on the side of caution, however, we created a robust 'sensible use' policy and asked our eagle-eyed lawyers to keep an eye out for anything they thought was beyond the pale. We're still waiting to hear back on that one!

So, as the Exchange enters its third year and we start wondering how to keep it relevant – and what a future intranet might look like – we'll hold on to what we learnt in Room 13: make some room, make it personal, make it easy, make it flexible and make it social. And give it a name. ▴



# Industry views

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## INDUSTRY CASE STUDY

# Grow and behold

Claire Clarke, managing partner, and Mark Finch, chief finance officer, Mills & Reeve, hope the Thomson Reuters Elite 3E enterprise business management solution will improve the experience of lawyers and clients alike

**M**ills & Reeve has just reported a 13.5% increase in revenue, and says it understands itself to be the only top 100 law firm that has consistently grown both turnover and profitability since 2002. Chief finance officer Mark Finch and managing partner Claire Clarke say the “strong financial performance” is a result of a successful merger with London law firm Maxwell Winward in June 2017, as well as growth generally across the firm. They’re committed to seeking out good sources of profitable growth across its various sectors and markets, they say. “However, this is combined with a programme of continuous improvement and finding innovative or better ways of working, particularly when it comes to collaborating with clients to deliver exactly the services and advice they need,” says Clarke.

Back in mid-2016, the firm realised it needed to replace an ageing practice management system – and after reviewing the market it decided the best fit was Thomson Reuters Elite’s 3E. The contract was signed in early 2017. There was a certain amount of common sense in the choice, as Mills & Reeve had in fact been a user of what is now Elite’s 3E MatterSphere dating back to 2011 – but Clarke and Finch also saw significant potential for driving measurable business change.

Clarke explains: “We’re still in implementation at present – we estimate it’s a two-year project to get to ‘go live’, and even then the project continues – but the overall plan is to deliver some back-office system efficiency and improve the front-end fee earner experience in terms of productivity.

“There’s also a connected opportunity to improve collaboration with clients, which is a key





strategic aim for the business.”

Finch continues: “3E has partnered with another estimating tool – Cosine – which we believe will particularly help fee earners to price and plan their matters, and therefore bring clients greater transparency and certainty surrounding the cost of services.” Firms can assign resources to plans, factor in alternative fee arrangements, including fee caps, and compare different scenarios side by side.

And a key aspect of business improvement is how work-in-progress data is displayed for maximum utility, says Finch. “We’re in the process of re-designing fee earner landing pages with new dashboarding arrangements, such that all information on individuals’ matters and clients is automatically available and user-friendly.

“We also plan for that data to be highly

actionable. If a re-estimate or other client communication is needed, the lawyers’ dashboards will effectively alert and direct them to the particular task that needs to be performed.”

It’s fairly easy to see how capabilities like these map across to client satisfaction. Service ought to be that much more responsive, with less chance of a key communication milestone being overlooked. But there’s value on both sides. More proactive project management is also connected to improving the pricing of legal work, which should help to keep future growth profitable.

And at the same time, management data can be surfaced to help direct resources as efficiently as possible in line with business development success. Finch explains: “We’ve used a data warehouse for some time to mine information and identify trends: for example, which parts of the



**“We need an innovative culture, one part of which is to adopt technologies that improve efficiency for client benefit.”**

*Claire Clarke, managing partner,  
Mills & Reeve*

business are most profitable, or growing fastest, and the implications for our people. The ability to do that isn't new, but our technology for it was quite old.” 3E can help to improve how data like this is delivered, he says, whether to partners, sector or service line leaders, or the board.

### **Mobile matters**

Whether it's management or individual matter data, another area up for improvement is the mobile experience – adjusting what people can do (and how easily) during those working hours when they're increasingly out of the office. Improving firm-wide productivity means ensuring this time is as well spent as possible.

Finch says: “We've got mobile access to all the information we need to run the business effectively already – that isn't changing – but sometimes it isn't as easy or swift to access as it might be when travelling around the country. That's the area that we're really moving on now.”

Clarke adds: “The ability for anyone in the firm – with the right equipment – to access the right information when they need it is a core requirement.” As with work progress transparency, there's another clear link here to clients' perception of service.

She continues: “It was also important in the selection of 3E for us to understand Elite's strategic vision for cloud-based working. The system we've bought is still largely on-premises, but cloud-based working is clearly the direction of

technology travel.”

And the employee's mobile experience is also important to Mills & Reeve, as flexible working is one strand in its diversity strategy.

“Having a diverse and inclusive business is not just a good thing to do. It also makes sound business sense in terms of better decision making and ensuring we recruit and retain the best people. We actually have more women than men in most job roles across the firm,” says Clarke. “But we want to improve all aspects of diversity, including seeing more women in senior leadership positions, and increasing the number of female partners from its current level of 28% to 30%.”

The firm recently set up two taskforces under its diversity and inclusion steering group, which made a number of recommendations for action on gender and ethnic diversity respectively. These were taken to the board, and have now been incorporated into the next stages of the firm's people strategy. They range from “drop-in sessions to demystify the partnership process”, to allowing people to reschedule a day of extra annual leave granted over the Christmas holiday weeks to another religious period.

Clarke says: “We don't do badly on diversity compared to our peer firms, but know that we have more progress to make.

“When it came to our gender pay gap reporting this year, it was good that we were able to report not only what the statistics showed, but also on the initiatives we were undertaking to try and make

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our business as inclusive as possible – from coaching to career and maternity mentoring, and indeed flexible working arrangements, which includes facilitating people to work from anywhere if they want or need to by using the right technology systems.”

### Trial together

Elite and its systems can therefore be seen as touching at least three of Mills & Reeves’ strategic objectives – “sectors and markets, creating strong relationships, and challenging and supporting people”. The fourth area, says Clarke, is investment in innovation and technology itself.

“We need an innovative culture, one part of which is to adopt technologies that improve efficiency for client benefit. To that end we’ve appointed innovation champions across the firm, and created an online hub for people to post and discuss ideas.” Although innovation is a continuous process, she says the firm has also held



**“We had to carefully uncover what the business most needed, what was really most relevant, and where there might be a better way.”**

*Mark Finch, chief finance officer,  
 Mills & Reeve*

“spotlight” focus sessions on areas of growing interest, such as application of artificial intelligence, and even managed to make room in the diary for two dedicated “innovation weeks” that include hosting some rather more “fun” activities to build interest in learning, collaboration and doing things differently.

Involving assessment and decisions affecting 112 different internal business processes, a new practice management system might sit closer to the business-critical than the business-fun camp – but 3E’s arrival is certainly an event that has brought this firm together around a common purpose (or several).

Finch says: “We had to carefully uncover what the business most needed, what was really most relevant, and where there might be a better way than how something is being done today. We had a cross-practice and cross-function team working on evaluating and optimising those processes to ensure the decisions were right.”

Clarke concludes: “There are so many stakeholders, it’s important the solution is genuinely co-authored so it’s not something that is done to people.”

And in the end, of course, the plan is for everyone to enjoy a share of the benefits. ▀



## INDUSTRY ANALYSIS

# KYC into the future

Paul Charmatz, managing director, encompass, says robotic process automation can play a key role in maximising efficiency of know-your-client compliance

**T**he increasing burden of identifying and verifying ultimate beneficial owners (UBOs) is a common thread in the conversations we have with regulated firms.

Gathering and analysing the information needed to understand corporate ownership structure and discover UBOs can take anything from several hours to days. As a highly manual process, it's also prone to human error, leaving firms exposed to unknown risks and criminal activity such as money laundering, corruption and bribery.

## What is an ultimate beneficial owner?

A UBO is an individual who owns or controls more than 25% of the shares or voting rights in a legal entity; who holds the right to appoint or remove the majority of the board of directors; or who has the right to exercise significant influence or control

over the company. Under the EU's Fourth Money Laundering Directive (4MLD), senior managing officials can also be treated as beneficial owners where the above criteria cannot be determined.

Global regulations – such as the Money Laundering Regulations 2017 (MLR2017) in the UK and the upcoming FinCEN final rule on customer due diligence (CDD) requirements for financial institutions in the US – dictate that these individuals must be identified, and reasonable measures taken to verify their identities.

## Why is it so important?

Criminals have long used complex corporate structures to hide their real identities, and to conceal where their funds have come from or what they're used for. In recent years, the fight against money laundering has stepped up, with stricter regulations (such as 4MLD and MLR2017) put in

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place around financial transparency.

Regulated firms have to carry out exhaustive checks when onboarding new customers to ascertain whether they present a compliance risk in terms of either anti-money laundering (AML) or anti-bribery and corruption (ABC) regulations. The inability to identify the UBO of a company can lead to an unintended breach of these rules, resulting in heavy fines and severe reputational damage – so it's an issue firms have to get right.

### Why is it so difficult?

Unfortunately, ownership won't necessarily be neat – within a single jurisdiction or entity type – and it could be many layers deep, depending on the structure of the customer. In addition, countries have different transparency and disclosure requirements for company registrations. As a result, we've seen many firms struggle with the discovery of UBOs because of the difficulties of mapping the full picture of an organisation's ownership structure.

The sheer number of sources needed for a comprehensive understanding of ownership structure, identification of UBOs, and to screen all relevant individuals and entities for regulatory and reputational risk, presents an enormous challenge. Data sources range from publicly available sources (for example, many corporate registries) to premium providers of company data, regulatory data and adverse media, so companies have to access multiple websites and subscribe to multiple vendors – as well as find a way to integrate these into existing know-your-client (KYC) or onboarding platforms.

And the challenge doesn't end once the initial identification and verification is complete. You then have to keep up ongoing monitoring of UBOs, and processes need to be refined as regulations are updated in order to ensure ongoing compliance.

### Where is the information?

Data aggregators are typically used to extract UBO data from public sources to create full company hierarchy structures, or to hold traceability references back to the original source. But this data is relied on as a "secondary source", which still requires confirmation from a "primary source" (an

approved registry or regulatory source, such as Companies House, Infogreffe or the US Securities and Exchange Commission) or the client. It is an intensive manual process.

Federating the search using robotic process automation – such as that built into the encompass platform – can play a key role. It drives the retrieval of relevant information from trusted sources, as well as the analysis of that data, considering KYC policies, in real time. This saves firms significant time and cost, while at the same time eradicating the risks in human error.

There are a couple of key developments underway that are also leading to a more automated, and therefore even faster, process.

The first is the development of algorithms that iterate through an ownership structure between data available from aggregators and, in turn, that confirm this against a primary source.

Countries have also opened beneficial ownership registers. The 4MLD requires all EU member states to develop and maintain public beneficial ownership registers, and 20 countries across the EU are part of the Extractive Industries Transparency Initiative (EITI). The aim is to increase transparency as to who owns and controls companies, which helps inform investors considering investing in a company and supports law enforcement in money-laundering investigations. The UK was the first country to create a central public registry, launching, in 2017, the People with Significant Control (PSC) register – a publicly available database of UK limited companies, expected to maintain details of UBOs and supply this information to Companies House.

The challenges around identifying and verifying UBOs may be substantial, but the risks of non-compliance are even greater. At encompass, we automate information and news discovery from the widest range of free and premium sources globally, in line with a firm's policies, to enhance KYC at onboarding, as well as event-driven refresh and remediation.

By integrating encompass with existing KYC and onboarding solutions, you can significantly reduce the time, cost and risk involved in CDD, enhance the customer experience and demonstrate robust regulatory compliance. ▀



INDUSTRY ANALYSIS

# Designs of the times

John Aldred, industry director of professional services at Barclays, explores how smart technology and working practices are also giving law firms new office design options

**T**he UK's legal sector is at something of an inflection point. Not only must it innovate to keep up with the pace of change, especially if it wants to adapt to the changing markets, it continuously needs to think of new ways of working to satisfy the needs of the next generation of talent. Such changes manifest themselves in the way law firms think about the office space they occupy.

Traditionally, law firms occupied large office footprints, private offices, spacious law libraries, and often enough staff to support a staff-to-lawyer ratio of one-to-one. However, these are fading away for new office environments. Today's professional services firms are tapping into new trends to create collaborative activity-based offices and non-hierarchical spaces to accommodate hotdesking and agile working.

Optimising a firm's real estate strategy can come

at a cost, however. Increasing rents and the state of the economy are challenging law firms to become more cost efficient and consider the bottom line of their balance sheet. Pre-Brexit jitters have also resulted in law firms staying put, or at least deferring decisions, until the direction of negotiations becomes a bit clearer.

Technology is also playing an ever-increasing role in dictating whether firms should be expanding or contracting floor space. From the impact of artificial intelligence on headcounts to an always-connected workforce that can operate seamlessly away from the office, law firms are rethinking their strategy to adopt new forms of more agile, activity-based working in their offices.

## Future-proofing law firms

According to a recent CBRE report – Law in London 2018 – a typical legal employer occupies

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240 sq ft per person, almost twice that of workers in the corporate and financial services sectors. However, law firm utilisation levels are typically at 50-60%. Today, those law firms that configure to the traditional, space-heavy cellular office layout account for 67% of office layouts in London's 100 leading law firms. CBRE says the rest favour open-plan offices (25%) or activity-based working environments (7%), both of which are more efficient in their use of space. Activity-based working is transforming the way office space is used across the UK, creating zones for different types of work, allowing furniture configurations to be more adaptable and flexible and untethering the workforce from desks. Law firms have so far been slow to adapt, but there are signs that change is coming. And, where they have, it has also helped the bottom line. Working in a more agile way decreases the amount of space per fee earner.

The rise in automation opportunities has also allowed companies to become more and more efficient in their use of space. And another point to note is that law firms are becoming more digitised, storing their files online and in the cloud.

CBRE says around 60% of firms have committed to some form of agile working policy, up from 30% just 12 months ago. However, this is mainly in the area of allowing staff to work from home and offering the technology to enable this.

### The new millennial

The challenge is that open-plan spaces might not seem to work for all in terms of the culture and dynamics businesses want – even though adapting to fundamental changes the sector faces will be very hard in more closed, fixed environments. Looking forward – say 10 years – is where the future-proofing comes in. Deloitte has estimated that by 2025, three quarters of the workforce will be millennial. The overall environment experience will start to play a bigger role in this generation's decision-making when it comes to jobs.

However, the millennials of today are already forcing law firms to think about the bigger picture of what they offer to their employees. A simple

## Firms will be looking to differentiate themselves from competitors by offering an authentic work experience, and one thing will be key – the offer of flexibility

desk and computer is no longer enough. A millennial is defined as a tech-savvy professional who wants to work for organisations that foster innovative thinking, develop their skills, and make a positive contribution to society. This undoubtedly puts a significant amount of pressure on firms, especially those in older buildings that don't have the functionality or amenities offered by the new generation. These smart-tech buildings promise flexible amenities, state-of-the-art conference venues, shared food halls and innovative technology. They also seek to respond to wellness criteria for improved productivity.

### Offer of experience

Nevertheless, firms will be looking to differentiate themselves from their competitors by offering an authentic work experience, and one thing will be key – the offer of flexibility and greater collaboration to ensure employees are both happy and productive. But firms need to remember that one space doesn't need to fit all when designing the office to meet this generation's needs. This will manifest itself in significantly more efficient space utilisation and greater profitability per square foot. Although, it should be noted that with the rise of next-generation smart technology, people may also find themselves needing upskilling for new jobs – and that needs to happen somewhere.

Agile working will most likely come to the fore. In addition, a degree of office space flexibility will be provided – including co-working or serviced offices, startup incubators and accelerators.

Law firms may stand accused of being steeped in tradition, and often slow to embrace change, but there is a persuasive argument for doing more with less space. ▀

# Growing smarter



Peter Gill, newly appointed chief commercial officer for Converge Technology Specialists, is already busy helping many other businesses to make a well-considered move of their own

**A**fter four years with Thomson Reuters Elite, Peter Gill (its ex-head of sales, EMEA), has joined legal-focused cloud provider Converge Technology Specialists (Converge TS). Its first chief commercial officer, he says the opportunity to add value to a business just beginning a new chapter in its growth story was impossible to turn down.

At the top of the year, Converge TS secured an undisclosed sum from mid-market investor Tenzing Private Equity, which targets high-growth companies valued at up to £75m. This came as Converge TS achieved year-on-year growth of over 50% for three successive years, with an increasing number of law firms clearly placing their faith in greater cloud-based working.

“The business plan for our next five years was such an attractive proposition for me to provide input and place my own stamp in the appropriate places,” says Gill. “As well as account management of our existing clients, I’ll lead the new business team as we expand, driving new business

acquisitions. I led the Elite EMEA team in much the same way, but size and scale is replaced by agility and speed of reaction.”

## Investment in agility

In short, Gill will be deployed in a rather more flexible capacity – which is fitting, as that’s precisely the Converge TS proposition to law firms when it comes to cloud technology.

“Legal is focusing hard on a number of strategic areas,” he continues. “They are reducing business risk and cost, but cloud also has a key role in enabling firms to be more agile for their clients.

“Client service delivery is driving a lot of the cloud-first strategies we see. Employees need empowering with the right toolkit to do the job, and today that means mobility – the right applications available in the right environment to deliver the right level of service.”

At the same time, of course, firms feel the pressure to maintain and monitor verifiable compliance and risk management processes – and



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to tackle the many levers of firm profitability, one of which is cost.

“Firms are reviewing how to invest in technology. Perhaps having underinvested through the last recession, they now have to replace systems, but want to invest in a smarter way. They don’t necessarily need to invest hundreds of thousands, or millions, bringing in infrastructure. They can save by outsourcing to a specialist IT provider – that’s also specialist at managing risk – and maintain their own expert focus on delivering client services.”

The idea is that the Converge TS strategy will enable exactly that – and while reducing the short-term cost of business, even pave the way for faster growth. “We’ll be working with other trusted vendors in the market to help firms make process changes such as introducing automation on a wider scale in future.”

### Going public?

Before his Elite years, Gill enjoyed a spell serving predominantly the smaller to mid-sized legal market – so he knows first-hand that this is a business transformation where it’s the bigger firms that are following behind.

He explains: “Some of those firms probably are more risk-averse in nature, but I believe it’s now a question of when – rather than if – they too move. Law firms are understandably cautious with their client data, but most will already have data in the cloud – in Salesforce, for example.”

High-profile security incidents have also played a part in changing attitudes, he says. “In particular, partners have been educated through witnessing the fallout in negative business impacts, and are more aware of just what the IT director could do differently for them.

“A small minority may still believe systems are safer onsite, in the office – albeit they’re actually at greater risk of fire, flood, theft and power problems there than would be the case in a data centre.”

Gill also recommends that firms raise data storage options with their clients, as some may have outdated policies that don’t reflect the reality of cloud-based security today. Client service drives change, but that doesn’t mean firms should automatically comply with every client requirement without question.

And what about heading from a private to a public cloud setup, such as the high-profile Microsoft Azure platform? Converge TS isn’t out to compete with such moves, he says. It is offering public cloud consultancy and management as a complementary service.

Nevertheless, the Converge team expects the word ‘hybrid’ will continue to be the most commonly used for the foreseeable future.

“The firm of tomorrow will look different, but the exact shape will be driven by the individual firm’s end game, client drivers and application demands rather than a single best solution.

“Most law firms aren’t actively exploring the public cloud option right now, and there’s a misconception that public offers much higher availability or lower cost than private cloud services.”

Converge TS has found some firms will use public cloud for what could be seen as more ‘innovation’ activity, such as AI testing and business intelligence management, but even they will stay private for applications with more predictable growth in usage. Public cloud management also calls for specific skills in cost monitoring, he says. “Firms will need to engage with a partner for delivering that type of solution.”

After all, it’s flexibility that firms say they need in order to navigate the changes hitting today’s profession in many respects. Public, private or hybrid, that’s what Converge TS is committed to using its own new investments to provide. ▀

Below (left to right):  
 David Byrne, chief financial officer;  
 Nigel Wright, CEO;  
 Peter Gill, chief commercial officer,  
 Converge Technology Specialists



# Clause for thought

Horia Selegean, head of revenue and margin assurance at BT, tells **Briefing** the machine-learning capability of iManage RAVN is helping build a smarter business in more ways than one

**W**e regularly hear that law firms are adjusting their strategies to offer clients more efficient and higher-value legal services. But it's worth remembering that many of those organisations are under the same pressure to improve the experience of their own client base.

Horia Selegean, head of revenue and margin assurance at BT, says: "As consumer behaviours and preferences change, that puts pressure on multiple service providers, which in turn puts pressure on us.

"The customer needs our technology to support and connect them wherever they go, and that has ripples throughout every aspect of our delivery. As the wider ecosystem changes, we have to change with it, and even anticipate where the market will go next."

At the same time, employees need empowering to deliver such digital transformation in the most agile and innovative way possible. Part of the

response is to become "super-efficient internally," he says. "We need to cut down on areas that add less value, and take steps to standardise process wherever possible."

## Contract points

One of these areas is contract risk management. Several years ago, BT introduced the artificial intelligence platform iManage RAVN to streamline, store and retrieve information that could pose financial or reputational risk.

Selegean says his own team is "the second line of defence" in this regard. "We need to examine contracts for riskier areas that would constitute higher concern, and test those concerns against business data. The more risk points we can check, of course the less residual risk remains in the business.

"iManage RAVN allows us to automate some of that risk detection. If we identify a key risk hotspot, we can create extraction criteria. The machine will

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store that learning and identify similar risk points when they appear in contracts that come through in future. And as well as making us highly efficient, it ensures that useful knowledge isn't lost with any human attrition. Everything is fully auditable."

As well as clauses, the process can pick out anniversary events that are due, and in both cases the data is directed to revenue assurance, legal, commercial management or finance teams to take specific actions.

"Customer-facing unit teams receive high-quality data on time, which will enable them to perform business validation processes in the most efficient, AI-enabled, automated way."

The tool can also potentially push a particular contract further on an automation journey, he says. "If certain factors are co-existing, you can be more confident that automation can be applied to a decision with the now structured data. We can automate a lot of our decision-making in a controllable way."

### Improving behaviour

Selegan's team of financial analysts is effectively a customer of the insight generated, he says. It's the legal department that's responsible for training the system in what constitutes the correct risk threshold.

"The legal team builds trust in the integrity of extraction, because they know the true meaning of a clause, and how it may translate in terms of business impact. But they also benefit from the automation, becoming more efficient at control and governance over time."

Those benefits then flow down the chain. "The dataset used to train the algorithm is just as important as the algorithm itself," he says.

"The more you understand what you're putting into the machine, the better the expectations you set for everyone in the organisation. We now spend a lot of time understanding how the machine learning component really works, the algorithm's limitations, and the implications of that for human business process." Far from replacing his lawyer

**"The more you understand what you're putting into the machine, the better the expectations you set for everyone in the organisation. We now spend a lot of time understanding how the machine-learning component really works."**

colleagues – or anybody else in this value chain – the aim is to "meet the machine in the middle," he says.

Now BT is working with iManage to produce not just accurate risk data, but also points of recommendation – such as for stubborn 'grey areas' in the risk pool. "If we can't determine which way a clause should go, perhaps we can improve the document's language or structure," he explains. "What are the mandatory things to put in place to make it more machine-readable? We can change human behaviours too, and it becomes a process of continuous improvement, where we feed findings back to business teams at all levels."

Of course, efficiency comes with an immediate cost saving as well as improved risk management in the long run. "We moved from a proof of concept on 200 contracts to a pilot of more complex varieties, and today we have every single contract used globally loaded up." That's 100 document types, and thousands of obligations in each one – involving 186 countries, and in 10 languages. Total contracts managed for and by BT are in the thousands.

"The return on that investment is certainly in the millions," says Selegan. "We'd also compared the software with others in the market – of whom there were few at that time – and found it a much more flexible option, so better suited to our needs."

After all, the machines' and their teams' work will need to keep changing as the wider business and its customers do – and it doesn't sound like BT will be pausing on that journey any time soon. ▴

# The status quo paradox



Eric-Jan van Alten, sales director, EMEA, at Aderant, says firms may have heeded their clients and started to change, but they shouldn't quit while they're ahead

**T**he 2018 Aderant Business of law and legal technology survey finds that over half (57%) of business services roles feel “better” – some “much better” – about their law firms than they did just 12 months earlier. It's undisputed good news – especially as just 36% said the same back in 2017.

However, firms that are finding conditions more favourable mustn't risk relaxing into uncompetitive complacency.

Inaction now may cost them, says Eric-Jan van Alten, EMEA sales director at Aderant. “Many firms find themselves at a crossroads today. They've already seen a lot of change pushed onto them. Now they need to decide whether to press ahead with further transformation in different respects – to push past the status quo. Those that don't may be at risk.”

Unfortunately, change itself all too often feels like the greater business risk. “Some use external change as an opportunity to change with it, some

are more or less in denial, but others see it as a real threat,” he says. “Law firms are traditionally conservative businesses, which is understandable. Lawyers have been trained from the outset to be risk-averse in their decision-making. But our message is that firms must become more comfortable with feeling uncomfortable.”

## Operation efficiency

In time, perhaps the rise of certain ‘non lawyers’ to positions of greater power in the partnership may make a difference to the prevailing appetite for change. CIOs, COOs, and heads of growing business disciplines such as pricing and innovation, are all increasing their influence.

For the moment, however, Aderant's research found effective pricing was the biggest operational challenge facing firms – equalled only by the fast-changing sphere of risk management in the face of sophisticated cyberattacks.

Thereafter, it's “technology adoption” and



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“operational efficiency”. The one, of course, can help to drive the other – and it’s here, says van Alten, that the most immediate opportunities lie.

“It has been a theme for a long time now, but a key area for potential improvement is the WIP-to-cash cycle. Billing, for example, is one of a firm’s most unnecessarily time-consuming operational activities. Many still conduct their billing process on paper, and by digitising they could save entire days.”

With the status quo, the simplest bill to process – which could be the fastest – takes as much time as the slowest, he says. It’s easy to see how automating aspects of that procedure would lead to faster categorisation, and therefore more efficient collection of cash.

### Back and front

Automation can also be applied to variables such as outside counsel guidelines. Programme them into the billing system, and you can efficiently anticipate compliance problems instead of waiting for bills to bounce back.

And there are further gains to be made at the ‘front end’ of fee-earner productivity. With agile working, for example, a lawyer can both capture billable time and initiate billing on the move, instead of back in the office. “Mobile devices can give instant access to a full range of business intelligence, matter forecasting and even pricing tools,” says van Alten. “These were once for finance teams, but are now offering lawyers elements of self-service.”

Even this is unlikely to be as efficient as it might be, however. “Fee earners may have access to plenty of systems, but the systems often aren’t connected to allow a single view and point of entry, but with an opportunity to view information from multiple angles.”

And all of these areas become more complex with increasingly international clients. Firms must factor in the e-billing preferences of different jurisdictions, not to mention catering for the variation in currency, tax and language.

**“To measure is to know. Measure everything possible to check the business is changing at the pace and in the places you planned.”**

### Roles with it

However, it’s not just technology that can take you past the status quo. Even if it’s supported by a system, an innovation can just as soon be a new behaviour or service option. And automation projects like those outlined are paving the way for new career paths in law firms. Skills can be deployed in different combinations – and to more profitable effect.

“Aside from tasks such as time entry, in the past our systems were mostly for firms’ finance teams,” says van Alten. “Today, some data entry can be automated – more is taken on by the lawyers, and the support team can afford to be less administrative and more analytical.” The power of that change could be applied to a particularly challenging area – such as pricing.

But of course, any big change needs management – it makes people feel more comfortable and minimises risk. “To measure is to know,” says van Alten. “Measure everything possible to check the business is changing at the pace and in the places you planned. A bigger change will also feel more painful. Think big – see the end goal on the horizon – but realise you may need to start with smaller steps.

“And remember to involve all stakeholders – not just those ‘in charge’. The most important stakeholders in a billing process might be the secretaries doing most of the work each month. The most successful implementations are the most inclusive ones.”

In short, when it comes to transformation there can be a safety in numbers. Perhaps that’s the push firms need to maintain momentum and leave their change-fearing days behind them. ▀

FIVE OF THE BEST

# UK firm brands

Market analyst Acritas says competition for the top spots in its latest UK Law Firm Brand Index (2018) was some of the toughest it has seen in its seven-year history. The top 10 are separated by the fewest points yet, it says – and these are the top five



BRAND INDEX 100

**1** Just pipping last year's frontrunner to the post, Pinsent Masons has significantly invested in its 'New Law' offering in the last year. That includes legal sourcing business Yuzu Law, diversity consultancy Brook Graham and the ongoing internationalisation of its Vario alternative-resourcing model.

**2** This firm previously came top of the list for four years straight. Acritas director Jo Aitken said: "Those firms who are able to service their clients in key international jurisdictions are continuing to stand out – particularly those with a strong EU presence, who can help clients reorganise pre-Brexit."



BRAND INDEX 98



BRAND INDEX 90

**3** The firm has kept hold of its 2017 third place in the index. In May 2018, DLA Piper said it was entering the Irish market with a Dublin office launch, while in March its WIN programme (What In-house lawyers Need) won Best provision of knowledge to clients, awarded by the Managing Partners' Forum.

**4** CMS is the year's big riser, from 13th to 4th place – of course, tied up in that mega three-way merger of 2017. Refocusing the firm's proposition around six specialist sectors, it saw big synergies in areas such as fintech and energytech – not to mention access to 5,000 lawyers in 39 countries.



BRAND INDEX 80



BRAND INDEX 79

**5** Retaining fifth place, Linklaters emerges top of its magic-circle rivals. And Acritas's Aitken says it in fact nabbed "number one" with two groups – financial institutions and London-based buyers.

## The top five in 2017:

Eversheds Sutherland	100	The survey behind the index data comprises 295 interviews with senior legal counsel working in organisations with revenues over £25m across the UK, plus 190 interviews with global buyers who have needs in the UK, and senior responsibility for buying legal services. Respondents come from 55 countries.
Pinsent Masons	90	
DLA Piper	65	
Slaughter and May	59	
Linklaters	58	



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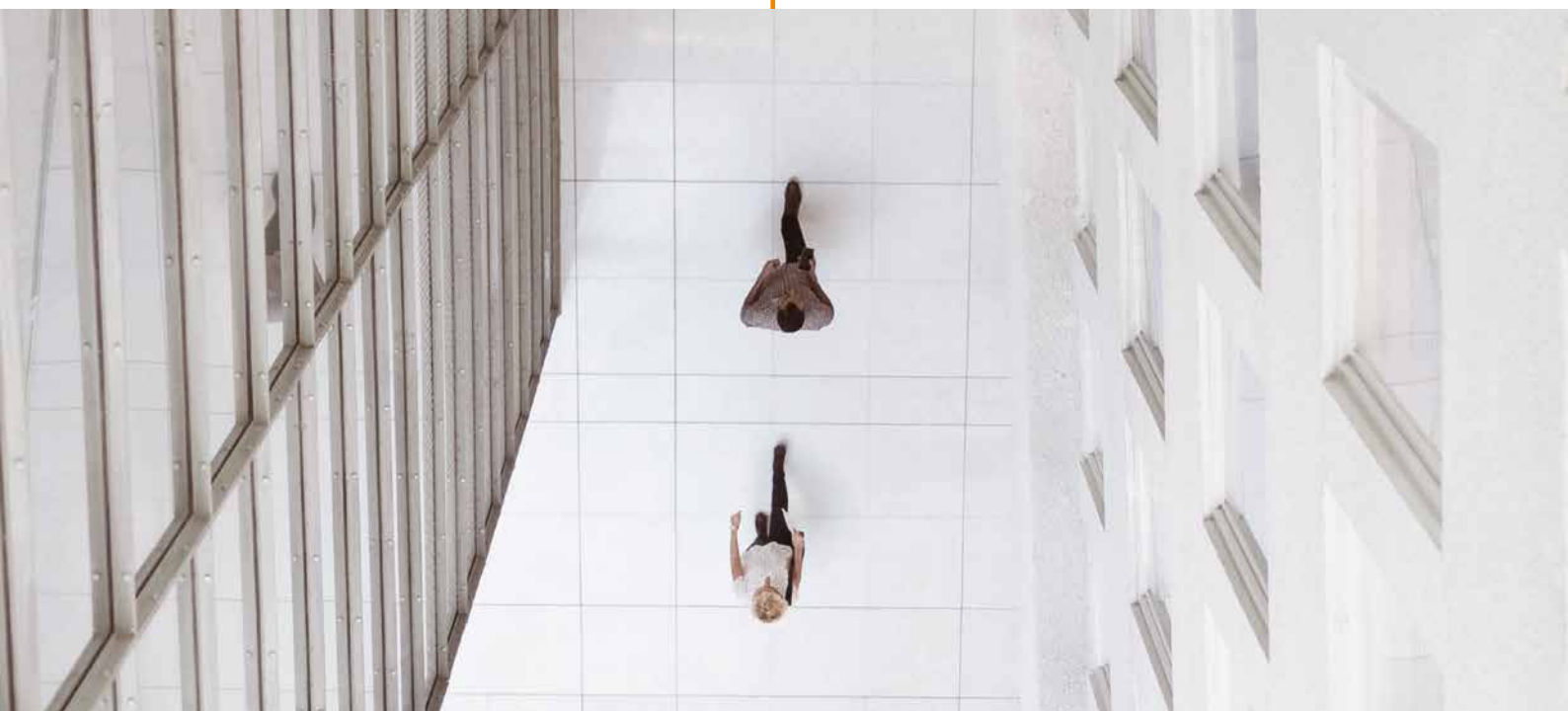
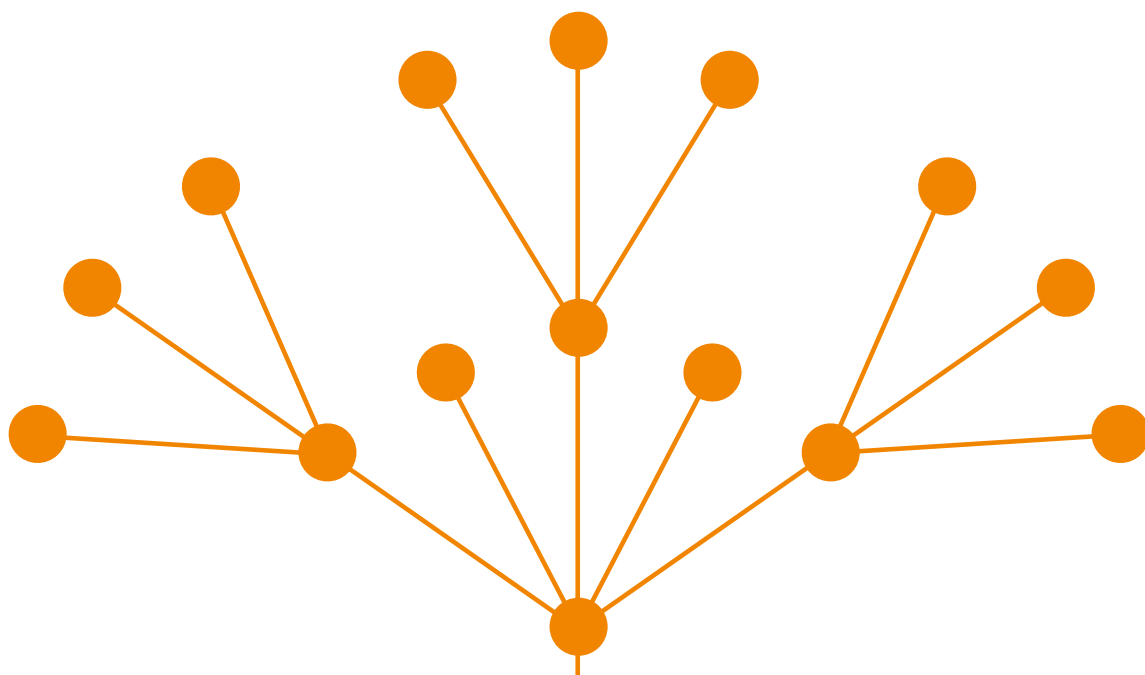
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