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# Technology Proves Vital Force in the Future of Law Firm Business

Technology is a crucial force, according to commentary around law firm business evolution at Reuters' Law Firm Leaders Forum.

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The legal industry as a whole is on the brink of change, driven by an evolving cast of characters composed of partners, associates, general counsel and a new vendor class providing tools for the trade. Perhaps most impacted by the changing business climate is the law firm, and firm leaders by and large are quickly ramping up and revamping their processes to keep up in the game.

Or at least, so went the tone on Oct. 6 at Thomson Reuters' 21st annual Law Firm Leaders Forum at the Pierre Hotel in New York. Amid the topics covered on the first panel of the day were driving change, putting some firms ahead of others, and the cause of many lawyer headaches: cybersecurity, artificial intelligence and automation.

At the panel, aptly titled "An Annual Report on the State of the Profession and Business of Law," moderator Ralph Baxter, chairman of the Thomson Reuters Legal Executive Institute, noted that events in the past year "will accelerate the pace of change" already impacting law firms, one of which was the formation of the Corporate Legal Operations Consortium (CLOC).

The group, which focuses on building standard metrics to develop a common language for measuring law firm performance, this year had its first symposium in San Francisco and had over 500 attendees. CLOC, Baxter said, is "potentially a very powerful agent" for change.

Another catalyst for law firm business evolution was technology, or, as Bernero & Press partner Aric Press put it, "The rise of the machines is upon us."

"I get a ton of morning news emails each day, and I have not had one since the Fourth of July that isn't announcing another British firm that is embracing artificial intelligence. It's easier for them than finding any women partners," he joked. And while he noted "some of this AI stuff" is being used for rather low-level law firm tasks, he added, "it seems to be a corner has turned in that area."

A commonly noted influence in the change was what Press and others referred to as "a rise of restless clients," aware that legal services are increasingly available at lower costs from firms outside of those that traditionally dominated the marketplace.

Amid client concerns for law firms is cybersecurity, emphasized panelist and Bradley Arant Boult Cummings chairman Beau Grenier. This arena presents an "incredible acceleration" of risk, bringing to light difficult questions that law firms struggle to address. He recounted a luncheon from "a few weeks ago" where a "local professor" in his community gave a presentation on the amount of data that each of us generate and is vulnerable, as well as an overview of the actors behind data breaches.

"How widespread and global this hacking industry is, it's just overwhelming," he said. Quantifying the threat for law firms, he added the average cost of a data breach for a firm is \$4 million.

Grenier stressed the magnitude of the risk, noting, "You can't believe how persistent and pervasive the attempts to hack your system are." He advised the audience to invest in the people needed to combat cyberthreats, as hackers can "get in your system six and seven months before you know it." However, these sorts of investments can be costly for firms, providing a great challenge as clients increasingly demand it.

Agreeing on the importance of cybersecurity was Jami Wintz McKeon, firm chair at Morgan, Lewis & Bockius, who described 2016 as the "Year of the Restless Law Firm," as firms are in flux and "everyone keeps waiting" to see how things pan out. She also explained this as the "Year of the C," characterized as continued competition, collaboration, consistency and cybersecurity.

She added that many clients "want to deal with fewer firms, not more," but simultaneously firms are under great cost pressure. Therefore, she noted, "If you want to deal with great talent at lower prices, you have to deal with cybersecurity and [artificial intelligence]."

Putting the balance of technology and quality in perspective, moderator Baxter noted that while technology enables law firms to do better, clients are the true driver of change. Clients are in search of cheaper yet high-quality services, and law firms need to find a way of delivering this in a way tailored to their clients.

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