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The Role of Artificial Intelligence in Legal Operations

While AI offers great opportunities in cost, efficiency, and productivity benefits, it is people who bring deep insight into an organization's most challenging problems.

By **Linda Hovanec, Wolters Kluwer's ELM Solutions** | March 29, 2018

Artificial intelligence (AI) promises to be the most disruptive class of technologies in driving digital business forward during the next ten years. Yet even among the most tech-savvy professionals, there is conflict over what it can and cannot do. The most promising aspect of applying AI in the legal profession lies in automating simple and

repetitive tasks, like e-discovery or legal bill review, while enabling human experts to improve results beyond what machines or people could do alone. This combination allows for improved productivity, while driving significant time and resource savings.

AI in the Legal Department

In 2014 and 2015, a steady stream of PR revealed AI as the secret sauce behind Amazon and Netflix recommendations, Facebook's image recognition, virtual assistants such as Apple's Siri, Microsoft's Cortana and Amazon's Alexa, Google's smarter search results and more. As the coverage grew, it helped put a real value on AI technology.

AI as a concept has been part of popular science fiction for decades. But it is only in the last few years that it has become a nearly ubiquitous topic of conversation among legal industry leaders, at conferences on legal technology, and in popular legal industry publications. Legal departments are starting to see potential in AI, and some have begun to adopt it, albeit very slowly.

Because the term "artificial intelligence" typically is not well understood outside of the software industry, some legal professionals have a vague notion of it as future technology that is not yet ready for use in a legal context. Or they may think of it as a general term for using computing power and data in a way that blurs the boundary between what humans and machines can do. Even as lawyers develop a better understanding of AI's practical uses, they are not always ready to adopt new, unfamiliar technology.

While some attorneys are understandably concerned about their job security in a legal department where AI is used, AI will not replace lawyers. However, lawyers who do not leverage the power of AI may well be replaced by those who successfully harness the benefits of these new capabilities.

Today, AI offers only narrow intelligence, which allows it to perform very specific tasks well. The general intelligence required for highly skilled professions, such as law, is far beyond the grasp of current techniques in AI. In order to be effective, AI requires people, process and technology all working together. In a legal operations environment, this means:

- Experts who define the solution and help oversee its implementation;
- A service model that delivers the work in a way that meets the department's and clients' needs; and
- AI technology that provides information tracking, workflow and reporting to improve efficiency.

Using AI the Right Way

For most legal departments, the first instance of AI used is in the context of e-discovery. The daunting amount of data that must be reviewed during e-discovery makes it difficult for lawyers to adhere to aggressive schedules. In addition, few attorneys want to spend weeks running searches and sifting through results if they know they can count on automated technology to correctly complete the task for them. During the 2010's, technology-assisted review (or TAR) and predictive coding exploded in popularity, increasing the accuracy of document review while drastically reducing the time spent on it.

Over time, the technology improved while processing power in legal departments increased. Today, more complex machine learning technology has become common in popular e-discovery solutions. The continued success of AI technologies in the area of e-discovery has proven that AI can be a valuable tool in law. It is also improving over time as algorithms are refined and AI applications "learn" from their past work.

AI is now revolutionizing the otherwise mundane and often very time-consuming legal bill review process. E-billing systems implement billing guidelines and identify basic compliance infractions, but are dependent on human invoice reviewers to identify and capture the more nuanced guideline violations. Internal review takes time and is not the reviewer's only priority, and it is hard to audit effectively and accurately if unfamiliar with the underlying matter or guidelines. Additionally, when it comes to responding to non-compliance, most do not want to strain relationships with their firms and prefer to take a hands-off approach.

Using AI-enabled technology helps you more efficiently manage incoming legal invoices and improve cost management. AI can analyze millions of invoice line items submitted by law firms to corporate legal and claims departments, comparing invoices against outside counsel billing guidelines. The AI technology processes a huge amount of data very quickly. Machine learning also allows for improved performance on subsequent invoices.

Using AI, legal and claims departments see that compliance with their billing guidelines—an issue many companies struggle with—can be improved significantly across outside counsel relationships. Billing guidelines are an important component of ensuring law firms adhere to your requirements on staffing, process and legal practice, as well as invoicing. By applying machine learning across tens of thousands of invoices, you get better outcomes, additional cost control and savings, and improved productivity.

The Opportunity Ahead

With AI becoming a more common part of our personal lives via products and services, like Alexa and Netflix, it is not surprising that its use is also increasing in the legal space. This is an extremely positive development for legal professionals.

As advanced and useful as this technology is, it represents an enhancement to how attorneys will work in the future, not a replacement for them. Law is a complex discipline and, as a result, lawyers routinely perform a broad spectrum of tasks requiring a wide range of knowledge and skill. AI's remarkable ability to perform well at limited tasks, such as identifying specific patterns in billing, does not extend to the far-ranging skillsets that attorneys bring to their roles. The real value is in combining the efficiency of targeted AI applications with the expertise of legal professionals.

While AI offers great opportunities in cost, efficiency, and productivity benefits, it is people who bring deep insight into an organization's most challenging problems. Their expertise, together with the evolving artificial intelligence technologies, promises to continue to revolutionize and empower legal operations.

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