



# Everything you know about **legal digital transformation** is wrong, and here's why

*The legal sector is lagging behind when it comes to embracing digital transformation. With myths, hype and fear in abundance, it's little wonder adoption of new technology is slow. But, with the Big Four staking claims in the sector, a fiercely competitive environment and clients demanding more, it's time to re-examine digital transformation to see what, why and how you can get on board – on your own terms.*

The phrase 'digital transformation' has been tossed around so much that it's almost become meaningless – a catch-all phrase that leaders use to describe any and all tech investments. In fact, according to the latest [Accenture Technology Vision 2019](#) report, the consulting firm argues that we're in a post-digital era – that is, as all organizations digitize themselves, the playing fields will become level; therefore, companies will need to discover other ways to differentiate. But, if digital transformation is so ubiquitous that it's almost over, what impact is this having on GCs? Are they making the most of this corporate metamorphosis? How can they separate reality from hyperbole?

## What is **digital transformation**?

Contrary to the way it's often used, digital transformation is not an umbrella term for any technology investment made by your company. It's not, for example, upgrading all of the laptops in your organization to the latest model; that's just a cyclical upgrade.

Instead, digital transformation is the innovative use of technology to not only solve business problems, but also reimagine the paradigms within which those problems exist. In an era when digital technology has touched every aspect of our lives, digital transformation is an effort to use that technology to fundamentally change business culture and the way businesses drive value for their customers.

And, in turn, this change is transforming the way GCs need to approach their roles within the wider organization – not just as lawyers, but as leaders.

[As Diana O'Brien, Global CMO at Deloitte put it](#), employees at all levels of the organization, especially GCs, will need to be “more agile, willing to fail, comfortable with the unknown, and able to make decisions in the moment that will have an impact on the customer”.

In other words, we've entered a new era for the legal profession, one that requires GCs to embrace forward-thinking and digital interconnectedness, and to understand how and why becoming digital is already impacting everything they do, whether they like it or not. The power of digital transformation lies in its ability to transform the way GCs think, work and succeed in the long-term. For many GCs, digital transformation is already a tool for survival.

## Dispelling the myths

One of the key misconceptions about digital transformation is that it's a mechanism for replacing human power. But, as history has shown, technologies aren't wholly supplanted by the technologies that evolve from them. Instead, their value is transformed.

Think of the stairs and the elevator; or television and the radio; or humans and computers; or humans and machine learning. Indeed, the fear that digital transformation is a mechanism for replacing human value is just that – a fear. The reality is much more intriguing, and much better news for legal teams. Technology is an enabler.

The true definition of digital transformation is the effort to use technology to fundamentally change the way that businesses drive value for their customers. What this definition does not make clear is what types of technology are considered part of a digital transformation journey. That's because it's impossible to pin down; in every organization in every sector, a variety of technologies – and a wide spectrum of applications for each – can help facilitate the shift in how businesses are managed and create value for customers.

Take the legal sector as one example. There are literally hundreds of thousands of articles dedicated to the discussion on how Artificial Intelligence and machine learning is already impacting our sector. But this is another myth.

While for some law firms and legal departments AI is, of course, a reality, the myth lies in the supposed ubiquity. According to the latest [ABA Technology Survey Report](#), only 10% of lawyers are using AI technology for their legal work. As you might expect, the majority of that 10% are within large organizations. Smaller law firms have yet to find an application for the technology that works for them. But that doesn't mean it won't happen. As AI takes a greater hold in our consumer lives, so too will it penetrate the business world.

However, it's important to keep in mind that digital transformation isn't just about the latest and greatest technology. That's another common myth. The reality is that the massive buzz around AI is largely caused by, and indicative of, the degree of transformation AI creates. As former head of Google China, Kai Fu-Lee, said: *“AI is the next industrial revolution”*.

## But how does digital transformation impact the legal sector?

Put simply, digital transformation is your route to survival.

Organizations cannot operate without a digital business strategy – whether that strategy entails using mobile and cloud computing or developing more complex AI applications. Digital transformation uses technology to streamline processes, optimize operations, better understand customers and employees and ensures products and services are relevant. And that means there is hardly any part of a business that digital transformation has yet to impact.

From a legal standpoint, the reigning buzzwords of tech – cloud computing, mobile, AI, bitcoin, machine learning – are already being used to create competitive advantage. In some cases, the technologies themselves are being used to win cases, conduct due diligence, and perform eDiscovery.

## 4 ways digital transformation is **impacting the legal sector TODAY:**

**1. Removing manual processes:** AI and machine learning frees your teams from manual approaches to low-value, high-volume work, allowing them to provide value elsewhere. For example, by using AI and machine learning within contract management tools to identify high-risk contracts automatically, you can reduce the amount of time and energy you spend on tedious contract retrieval.

**2. Harnessing the power of data:** data and analytics tools can be used to collate and curate data from across your business, from the finance team to the legal department. Such curation has multiple outcomes, including managing and prioritizing risk, conducting team analytics to increase performance, and discovering – and stopping – revenue leakage.

**3. Alleviating the burden of eDiscovery:** eDiscovery and technology have long been bedfellows, with TAR (technology assisted review) and predictive coding pulling assists in many cases. However, when you add AI to the mix, legal could discover nuances and anomalies previously obscured. Not convinced? Then [check this out](#).

**4. Impacting the bottom line:** spend analysis and business analytics are helping GCs have a direct impact on cost savings by highlighting where vendor consolidation might be appropriate and allowing them to make better decisions based on facts, not assumptions.

Indeed, smart GCs are busy taking advantage of the one thing the legal sector has always had in abundance – data. Using AI and other technology, they're mining contracts for information to analyze ways to save money, and to confidently present routes toward better investment strategies. They're collating procurement and spend data to analyze which clients, teams and structures are most profitable. They're even making predictions about where, when and how to best manage their risk.

It's these smart GCs, who are increasing their awareness and understanding of digital transformation, that are the ones boosting their commercial awareness, enhancing their reputations and adding to the bottom line of their organizations.

But if digital transformation heralds such benefits for GCs, why is the legal sector dragging its feet in adoption?

## Culture Drives Change

As [Mark Cohen wrote for Forbes](#), *"There is no easy or single answer to this question. There are, however, several explanations for the legal industry's digital diffidence: (1) a lack of awareness; (2) a focus on the immediate demands of the job, not the "big picture;" (3) an internal focus, not a client-centric one (i.e. what we sell, not what consumers need); (4) a cultural stasis – systemic resistance to change and the new leadership, skills, roles, economics, investment, and socialization that it requires; (5) a short-term mentality; (6) no financial pain (yet); and (7) few legal buyers are demanding it"*.

The concept of cultural stasis is often cited as a reason behind overall digital stagnancy. After all, culture is the biggest accelerator of change, and driving these cultural changes requires GCs to begin reshaping their roles. As explained by [a global Morrison Foerster study](#):

*“The GC who embraces complexity and new ways of working, strategically and operationally, will be an impactful executive business leader of the future.”*

In fact, as the study authors reveal, GCs must be the agents of change themselves if this positive cultural change is to occur: *“The sense of potential for GCs to transform their contributions as business leaders, influencing the growth of their organization in the future, is palpable. There will be no single way for GCs to achieve this; it will vary by company, CEO, industry, and GC.”*

*“It will require individuals in the GC role to create opportunities to go outside of their comfort zone and acquire new skills, while still guiding their companies and teams through a digital and interconnected world with increasing complexity in law, regulation, and geopolitics. The role is ever-expanding in complexity and dimensionality.”*

Given this overwhelming cultural task for GCs, it's understandable that digital transformation slips down the list of priorities. However, it is not something that can stay mid-table in your to-do list for much longer. Although only 10% of lawyers are using AI today, next year it will be 20%. The year after? Thirty or 40%. And after that, if your firm isn't part of the adoption statistic, it may feature in statistics of another kind.

## Getting **started**

What does, actually, make an organization successful in digital transformation? A recent Harvard Business Review [collaborative piece](#) details the answer: the leaders went back to the fundamentals. They focused on changing the mindset of their teams, as well as the organizational culture and processes, before they decided what digital tools to use and how to use them. The vision for the future of the organization drove the technology, not the other way around.

In other words, you can't leave this to one department, to one individual, or to everyone but yourself. But, like going to the gym or embarking on a huge case, starting is the hard bit.

Here are 11 steps to help you prepare to lead digital innovation in your legal team:

- **Understand that digital transformation is more than just an IT strategy.** It is a well-planned business and IT innovation strategy with the goal of aligning around a digital culture, which drives investments in new approaches to remain relevant in customers' eyes.
- **Read and discover for yourself.** Find out about the latest technology for GCs, and read about how organizations are already taking advantage of technology to create competitive advantage. Find out more about the cloud, AI, bitcoin, and be open to understanding how these technologies could impact your role for the better.
- **Ask for internal stakeholder contributions.** Digital transformation can only be successful if key people within your organization are open to the idea. Perhaps other parts of the organization have already implemented a new digital strategy. Get their advice; meet with IT, procurement, finance, sales, marketing, manufacturing and anyone else who would be affected by new technology in your team, or who could offer strategic input. After devising a strategy, your IT team should partner with you for successful vendor selection and implementation.
- **Evaluate where you are now.** Find out where your biggest constraints are. Do you lack junior resources because of laborious, time-consuming, low-value tasks? Are you spending too much time working out budgets? Do you have little understanding or knowledge of your clients themselves? Once you know where your pinch points and challenges are, you can better understand how to use technology to help.
- **Speak to your clients.** Understanding what your clients want and need from you, where they think you could improve, and how they're using technology. The tools they've come to rely upon will be useful for you to understand in order to prioritize later. Also, consider what their future legal requirements might be, so you can build those into your strategic approach.

- **Set some goals.** Think about what you want the technology to help you achieve. Understanding what you want the ultimate outcome to deliver will help keep your projects on track. Always keep these goals in mind.
- **Work out your priorities.** Your challenges are likely to be many and varied, but you can't achieve everything in one go. Think about what your biggest priorities are and work from there.
- **Network with your peers.** Once you understand your priorities you can focus on achieving them. It's challenging to know where to start, so this is the right time to network. Speak to GCs who've been there, seen it and done it.
- **Seek help and advice.** External consultants can be hugely valuable. They often have an agnostic approach to technology and can help solve specific problems. They can also help you understand and adhere to best practices.
- **Evaluate vendors.** Once you reach this stage, it's about engaging with vendors to work out which technology, support and people are the best match to help you.
- **Select a vendor and GO.** Alongside your IT team, and after conducting a thorough evaluation and tender process, you are in the position to select the technology that can help you embark on your digital transformation journey. It doesn't end here; there's adoption, training, usability and ROI to address, too. But by undergoing this process, your legal team will be on the way to realizing the benefits that digital transformation can have for them.

## Ready **for the future**

Let's face it: the legal sector is never going to be full of early technology adopters. It's a sector that's barely changed the way it works for decades – and with good reason. The law is neither flippant nor swayed by the latest fads in the consumerization of our working lives. However, digital transformation heralds such huge benefits in terms of competitive advantage, process and operational optimization, client service and business growth, that it has become impossible to ignore.

For GCs, digital transformation doesn't just offer the opportunity for personal development. It cultivates the role of General Counsel and moves it up the corporate ladder by helping to future-proof the organization, thereby opening a seat at the boardroom table.

## About **Exigent**

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