Artificial Intelligence and the Bar: Friend or Foe?
AI vs. Lawyers

Is it really binary?
“We must open our minds to innovative approaches and to leveraging technology in order to identify new models to deliver legal services. Those who seek legal assistance expect us to deliver legal services differently. It is our duty to serve the public, and it is our duty to deliver justice, not just to some, but to all.”

William C. Hubbard
ABA President 2014-15
“Those who seek legal assistance expect us to deliver legal services differently.”

200 companies consume 80% of legal services

80% of Americans don’t choose to access legal representation

legal services consumers are bypassing lawyers altogether
“We must open our minds to innovative approaches...
How sustainable is analog law?
Chart 1 – Growth in Demand for Law Firm Services

Y/Y Change

Source: Thomson Reuters Peer Monitor
Chart 4 – Billable Hours Worked per Lawyer by Category of Lawyer

Source: Thomson Reuters Peer Monitor

Lawyers
Billable time type; non-contingent matters
Chart 6 – Collection Realization against Standard Rates

Source: Thomson Reuters Peer Monitor

Lawyers
Billable time type; non-contingent matters
Chart 7 – Collection Realization against Worked (Negotiated) Rates

Source: Thomson Reuters Peer Monitor

Lawyers
Billable time type; non-contingent matters
Conclusion

“The emergence of a buyer’s market in which clients demand greater value for the dollars they spend for legal services and in which value is measured by efficient delivery of services.”
Conclusion

“To return to the Darwinian analogy, it is fitting to remember that those firms that are most likely to survive and prosper in the new market environment are not necessarily the oldest or the strongest or the smartest, but rather those most able to adapt to the changes around them.”
From BigLaw to SmallLaw

60,000 active U.S. users 2010 - 2017
3,000 lawyers surveyed 2017
2,000 clients surveyed 2017
<table>
<thead>
<tr>
<th>Utilization rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount of billable time worked.</td>
</tr>
<tr>
<td>Billable hours worked / Available workday hours = <strong>29%</strong></td>
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<table>
<thead>
<tr>
<th>Realization rate</th>
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<tbody>
<tr>
<td>The amount of time worked that gets invoiced.</td>
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<tr>
<td>Actual billed hours / Billable hours worked = <strong>82%</strong></td>
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<table>
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<th>Collection rate</th>
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</thead>
<tbody>
<tr>
<td>The amount of billed work that gets paid.</td>
</tr>
<tr>
<td>Actual collected revenue / Actual billed hours = <strong>86%</strong></td>
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Of an average 8 hour day, 2.3 hours are billable

Of each billable hour, 82% is invoiced

Of each hour invoiced, 86% is collected
Doing the Math

Hourly Rate x Utilization x Realization x Collections = Return on Hours Worked

$260 \text{ avg.} \times .29 \times .82 \times .86 = $53.17

$53.17/\text{hr worked} \text{ minus expenses}$
3000 Lawyers Surveyed

• Of the 6 hours of the non-billable time in an 8 hour day:
  • 48% is administrative time
  • 33% is business development time
2000 Clients Surveyed

47% want fixed fees
Is it time to transform from being analog lawyers compensated by time spent (input),
to become digital lawyers compensated by value delivered (output)?
Testing your Artificial Intelligence knowledge

Know about AI

Robots are terrifying and AI is the end of the world!

AI will take all the jobs! We are facing a future of poverty and unemployment!

AI is the new industrial revolution! Soon every interface will be a chatbot!

AI will deliver immense benefits over the next few decades, but it seems overhyped right now. Don’t expect too much in the short term!

Never finished, but always in process
AI – “The science and engineering of making intelligent machines.” 1956

AI ≠ Singularity
The State of Artificial Intelligence in 10 Visuals
Deep Learning/Machine Learning (General)

IBM Watson

Hackathons and Showcases
Natural Language Processing (Speech Recognition)
Computer Vision/Image Recognition (Applications)
Virtual Personal Assistants

Alexa

kim
Smart Robots

[Image of a robot with logos for Neota Logic and HighQ]
Video Automatic Content Recognition
Legal Technology Growth

In recent years there have been over 1500 new legaltech startups.
Strategic Interoperability Partners

1. **Ross**: AI for legal research
2. **Intraspexion**: AI risk early warning system
3. **Clause**: AI, IoT for smart contracts
4. **Dash**: Automation

These partners focus on integrating AI, blockchain, and IoT to enhance smart contracts, legal research, risk management, and process automation.
Can we become F-22 lawyers?
AI in Law?
There are no Robot Lawyers
There are lawyers who use technology to better serve clients

- Virtual personal assistants
- Natural language processing
- Machine learning
- Recommendation engines
- Video Content Recognition

Interoperable platforms with data integration
Legal ethics and AI

Technological competence  UPL?  Legal technicians
Legal economics and AI

Clients seek price certainty

Sustainability?

Lost revenue

Multidisciplinary collaboration + technology expertise

It's the economics, stupid!
What about that 80% unserved market?
Technology is not the solution, people are.

Steve Jobs
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Larry Bridgesmith J.D.