

As Legal Tech Attracts Big Investors, Should GCs Follow Suit?

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Ian Nolan, CEO of Brightflag (<https://brightflag.com/>)

The enthusiasm for legal tech is surging. As TechCrunch (<https://techcrunch.com/2022/03/16/legal-tech-startups-bringing-law-order-to-fragmented-industry/>) noted in March, venture capital funding into legal tech topped \$1 billion last year, a record amount, and the dollars keep coming.

Legal tech isn't new, but it is drawing the attention of many in-house legal leaders seeking new ways to control expenses, maximize limited resources, and free up time for more strategic planning. But with numerous legal tech options available – and surely more coming – where should decision-makers begin in assessing which solution is right for them?

The process begins by identifying the problems you want to solve. Technology may not be the best answer. Technical features are only relevant if they suit your business needs. Clarify your goals, then turn to examining features and laying the groundwork for what's needed for success.

Zero in on your specific needs

Starting out, make sure you're not buying a technology solution in search of a business problem. Instead, identify your organization's objectives and the challenges the legal team faces in meeting those objectives. Pinpointing your needs helps determine whether technology solutions can deliver benefits and, if so, how.

Cost control (<https://brightflag.com/legal-operations/>) is

often a top strategic mandate. Organizations scrutinize how legal work is allocated and resourced. Outside counsel services are typically the most significant expense category, aside from in-house staff salaries, within most corporate legal departments.

Modern e-billing and matter management solutions can help clarify the return on each investment. A granular look into who is doing what work and for how long, both internally and externally, compared with last month and last year can yield deep insights into spending and guide future decision-making. Data-driven insights on pricing, billing guideline compliance, timekeeper breakdown and other matters can give in-house legal teams the ability to objectively compare law firms and determine which ones provide the best value.

Another common need for corporations is handling the large volume of contracts. Contract lifecycle management and e-signature software can improve how sales deals, nondisclosure agreements and other contracts are created, negotiated and stored.

Prioritize these key capabilities

When examining features, understand which are a “must-have” versus a “nice-to-have.” As you narrow your list of potential providers, confirm which have the essential features to meet your objectives.

A handful of features from a solution provider are worth particular note, whether they involve the technology itself or vendor support.

The importance of analytics can't be overstated. Legal operations software can move decision-making from hunches based on anecdotal evidence to insights based on data. Newly gained transparency can leave the era of “black box” expenditures – and the resulting uncertainty over what equates to value in legal spend – behind.

Automation can save time and help preserve morale. Automatic invoice intake allows attorneys to spend more time on strategic endeavors rather than on this mundane, repetitive and yet necessary task. A solution with artificial intelligence adds to the time-saving benefit because AI can help drive the analytics: surfacing more insights, sooner.

A centralized system of record empowers greater collaboration. Files sent back and forth over email between in-house legal teams and outside vendors are easy to overlook or misplace and can create problems or confusion among document versions. A legal tech solution can provide a portal shared by all stakeholders while allowing the in-house legal team to take ownership of the process and results.

A structured process for onboarding provided by the vendor helps employees, and by extension, the organization make the most of the solution. Frontline users will need training and support during the transition to see how the technology fits into their everyday needs. As they gain knowledge and confidence, they gain trust in the solution and what it can provide.

Establish a culture of innovation

Once you've identified your objectives and the providers whose solutions meet your needs, some groundwork is necessary to set your initiative up to succeed. Establish buy-in from the general counsel and other senior executives, and task someone with the accountability for driving change.

The in-house legal team needs to feel a mandate coming from top leadership. When the team adopts a culture of innovation and understands that efficiency is the new expectation, legal tech can yield greater insights than what a tepid, perfunctory acceptance of just another piece of software can obtain.

What drives change management initiatives, according to Deloitte's 2021 State of Legal Operations Survey,

(<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/finance/state-of-legal-operations-survey-2021-updated.pdf?id=us:2el:3dp:wsjspon:awa:WSJRCJ:2022:WSJFY22>) is the support of senior executives. Nearly 60% of respondents to the survey cited lack of adoption and change management as their biggest worries related to technology.

A tool is only as useful as it is used. Top leadership reinforces expectations – for the solution and staff.

A final step is to establish the person or people who can champion the initiative. With the full support of the general counsel, the champions can lead the initiative but also be the team held accountable for its success.

A legal operations team (<https://brightflag.com/legal-operations/>) can be a good fit for this role. CLOC's 2021 State of the Industry Survey (<https://cloc.org/2021-state-of-industry-survey/>) notes continued growth in the prevalence of legal operations teams, which help streamline work processes, uncover data-driven insights and drive strategic planning. If your legal department lacks a legal operations team, the foray into legal technology may be an advantageous time to create one.

The pandemic, inflation and an uncertain economic outlook adds more pressure to legal departments to better collaborate and control costs. But pitfalls await legal teams that rush into a legal tech solution. A better approach is to take the time to clearly identify your specific needs, find the solution provider with the best technology to meet those needs and ensure executive buy-in. Legal tech can help save time and identify value but also unlock insights into objective decision-making.

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About the author

Ian Nolan is the CEO and co-founder of Brightflag,

(<https://brightflag.com/>) the AI-powered legal spend management and matter management platform. From coding his school's first website to producing radio news segments, Nolan was already a lifelong builder before breaking into the legal technology field. After several years spent growing a software development firm focused on legal practice management, Nolan founded Brightflag with a desire to fundamentally change the systems and incentives connecting law firms and their corporate clients.