

2024 Directory of LEADING LEGAL TECHNOLOGY AND PROJECT MANAGEMENT SOLUTIONS

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CCBJ's Call for Nominations for the 2nd Annual **50 Women to Watch opens on Monday, February 5, 2024.**

With nearly 500 nominations last year, 50 Women to Watch recognizes women who demonstrate exceptional leadership qualities, business acumen and a commitment to mentorship in their respective communities.



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From the Editor & Publisher

We are thrilled to present our 9th Annual Directory of Leading Legal Technology and Project Management Solutions, formerly the In-House Guide to Tech, from CCBJ. Over the years, this guide has served as a solution for our many readers who look to bring new and innovative solutions into their corporate environment. We are incredibly fortunate to have access to many subject matter experts who represent any number of industries and solutions within the legal ecosystem.



LinkedIn: [kristincalve](#)

We encourage you to reach out on social media to connect with our editors, contributors and staff to explore opportunities to participate in our events, blogs, websites and more.

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Email me at kcalve@ccbjournal.com with any questions, comments, or suggestions you may have.

A stylized, handwritten signature in white ink, appearing to read 'Kristin Calve'.

Kristin Calve
Editor & Publisher

No-Code in Contract Management Software

Eric Laughlin, Agiloft



Eric Laughlin

CEO, Eric Laughlin, has over a decade of leadership experience running legal software and tech-enabled services business serving Fortune 1000 clients. Prior to Agiloft, Eric was the global leader of Legal Managed Services at Ernst & Young, LLP. His organization, including the Pangea3 and Riverview Law teams, provided EY clients with technology and service solutions in the contracts, e-discovery, and compliance domains globally. Eric has an MBA from the Kellogg School at Northwestern University and a bachelor's degree from Duke University.

What is Agiloft, and what makes it different from other vendors in the space?

Agiloft is an end-to-end CLM (contract lifecycle management) provider. We provide software that helps companies of all sizes and across all industries to draft and negotiate contracts, track obligations, and analyze the important information within and about contracts. In short, we're a data-first agreement platform. We understand that companies are really the composition of their contracts, and that the contracts that they have are full of commercial and compliance-oriented data they really need to execute every day.

Our key differentiator is our no-code platform, which allows us to configure data models and workflows so that not only can our customers get to contracts more efficiently, but they're better equipped to analyze the commercial data inside those contracts, and to have it flow to the rest of the enterprise tech stack. The no-code approach also means that our customers can iterate and build CLM maturity over time. They can adapt to changes in their company, the business environment and the regulatory environment.

We all have a better appreciation for the constancy of change, how big changes can be and what impacts they can have on business. Think the pandemic or interest rates or war: your core CLM platform had better be adaptable to such changes. Taking a no-code, adaptable approach to CLM has led to a customer retention rate in the high nineties and high customer satisfaction. In fact, our implementation team last year scored a hundred percent positives on post-implementation surveys. Agiloft has a reputation for bringing customers more value every year and for our commitment to our customers' success.

Why is CLM growing at an exponential rate? What are the business challenges it is solving these days?

While CLM sits alongside other core enterprise technologies, such as ERP, CRM and HCM, it's still being adopted by the majority of

the market, so rapid adoption and improving tools mean that new adopters of CLM are actually getting something of profound value. Agiloft builds product around the reality that companies are operating every day without the valuable knowledge that's in their contract data, without the guardrails that they want to have around their contracting processes, and without an efficient approach to getting to agreement.

What are the top three challenges your customers are facing today?

I think the three main ones are: number one, using old approaches to contracting, which is just inefficient; number two, lack of visibility into contract data, which really hurts their ability to make good business decisions; and number three, a lack of guardrails in their contracting processes, which makes it tough to comply with their own policies or the regulatory requirements they're subject to.

To expand on those points, first, old approaches to contracting are, almost by definition, inefficient. Surprisingly, a lot of companies are still using email and SharePoint as their key business tools around contracting. That's pretty inefficient when 25 percent of people in a company touch a contract at some point. Agiloft builds workflows that cut down contract cycle time, for example by using negotiating playbooks that allow for more distributed decision-making on easy calls in the contract while freeing up contract managers and lawyers for the tough decisions.

The second challenge I mentioned was the lack of visibility into contract data and how that affects business decisions. Too much of the information in contract is stuck in PDFs somewhere and hasn't been turned into data that can live in the operating flow of the company. And that data is

critical, because it allows companies to know what their obligations are, how to act on something like a contract renewal, and even what their exposure is when something happens in the world. Agiloft makes sure that that data is not only available to the CLM users—the users of Agiloft itself—but integrated smoothly with all of the other key enterprise systems, such as ERP and CRM, so that operations can be fully informed by that contract data.

The third challenge I identified was the lack of guardrails to help you comply with your company policies and regulatory obligations. Policy and regulatory changes need to be reflected in the company's contracts and in how the company works with vendors and customers. Agiloft helps ensure that those changes get into the contracting flow and that they can be reported on. This could be a new policy on customer renewal or something more complex, such as a new policy requiring vendors to provide more information about their ESG practices. How do you ensure that the new requirement gets into your contracting flow? How do you know who has agreed to it and when they must comply? Those are things that Agiloft helps with.

Would you tell us a little bit about your legal tech journey and how you found your way to Agiloft?

I've been in legal tech my whole career, primarily serving in-house counsel. I worked on information products and tech-enabled services and software for in-house counsel. I ran a legal managed services business for Thompson Reuters and then for Ernst & Young, and inked a partnership during that time with Agiloft. It was great to meet the Agiloft team and their very satisfied customers. I saw a team that was committed to those customers, and as a partner my team got to work on the platform. It became clear to me that Agiloft's data-first, enterprise-wide approach was exactly where CLM was going, so I



jumped at the chance to take over Agiloft from its founder, Colin Earl, who had built this amazing platform that now has more than 800 companies using it.

In the past, you’ve mentioned CLM isn’t “legal tech,” but “enterprise tech.” What do you mean by that?

Legal tech’s entire focus is on helping legal departments become better at their jobs and, having spent my whole career in legal tech, I do think that’s incredibly important. However, I think the right approach to CLM is to think of contracts as a set of data that is critical for the commercial and compliance operations of the whole enterprise, not just the legal department. When you have 25 percent or more of your people touching contracts, it can’t stop at the legal department. So while you need to think about

how CLM can build value for legal, you also need to think about procurement and sales, HR and alliances, finance and IT. The platform has to become a system of record for the whole enterprise, and to integrate with the other core enterprise systems.

What do you think is missing in legal tech and more specifically CLM today?

Two things: First, there isn’t a full appreciation for the end game of CLM. CLM isn’t just about the contract record or using less of legal’s time: it’s about really connecting contract data to the rest of the business so that the commercial operations of the business are more successful and that compliance obligations can be met. A contract is a critical set of data, but it’s not isolated. It’s integrally

connected to business operations, and it's impacted by the company and the business environment. All those things dictate what you want in a contract, then the agreed terms in the contract go on to impact how the business operates.

The other thing I'll call out is that CLM is an industry obsessed with technology—and now with AI—and what's missing is an appreciation for the fact that contracts are about people and relationships. They're about handshakes. I believe that we should be making contracting more human, and that's the mindset I have when contracting with my own customers. At Agiloft we say we are reintroducing the handshake. Not only are we reinventing how our customers connect their agreements to their overall business, but we're committed to our customers' success. We promise that we will support them and we stand by it. I think that's why our customers stick with us and why we have such high customer satisfaction.

What kind of advice would you give a company thinking about investing in CLM for the first time?

I talk to new adopters of CLM every day. I typically ask them to think of the journey that they're on around CLM; to be honest with themselves about where they are today and the changes they'll likely make over time as they learn more. Anyone who thinks about this journey inevitably recognizes that they need a platform that can adapt over time to their new business realities and their new objectives—and that they need a partner with a reputation for truly caring about their success.

What role do you see for traditional AI and GenAI and in CLM software?

As I mentioned Agiloft is trying to make CLM more human. That said, AI is still going to play an important role. Many

of your readers will fall into one of two camps. One camp believes AI is the be-all and end-all; the other believes AI is over-hyped. At Agiloft, we try to be pragmatists around AI. We start with a use case. Where can AI be valuable to a user and how can we make it easy for them to use? You shouldn't have to be an expert in AI to take advantage of its power within the Agiloft platform. We also respect that many companies have different levels of comfort around how their data is used in an AI context. We provide options and ways to harness AI safely. Having said all of those things about how we're being very practical about AI, Gartner recognized us as having a very robust generative AI roadmap.

We build for use cases where we believe AI will be helpful. We're not just falling in love with AI itself, but with helping our customers be successful in various parts of the workflow. So traditional AI is certainly helpful in turning unstructured contracts into data that can be useful in tons of contexts. And generative AI can be helpful in making first drafts or edits or summaries. GenAI can help the very human process of getting to a contract easier; helping with things that, for example, a first-year associate might do in a law firm; things that can get you started.

What do you think is coming to CLM in 2024?

I don't think it takes a crystal ball to see that there's going to be continued innovation in CLM. (If you look at our roadmap, that's what you'd see.) On a slightly more negative note, one thing we might see is that early adopters of some of the less flexible CLM tools may be hitting the ceiling in terms of what they can accomplish on those tools. At Agiloft, we take a very flexible and long-term approach to helping customers through the changes in their business. So we're ready and standing by to help folks who have hit ceilings with other tools to have a better experience that can grow with them.



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Three Ways Legal Project Management is Evolving for Law Firms and Clients

Elisabeth Schroeder, Barnes & Thornburg



Elisabeth Schroeder

Elisabeth is dedicated to leveraging her knowledge, in collaboration with practice group leadership, to cultivate and implement effective legal strategies. She develops project and practice management tools, resources, and reporting for firm use for assessing risk and budget, educating attorneys and clients, and providing related reporting. She brings particular strengths in leading teams of professionals across legal and administrative departments, implementing processes, and developing relationships with key stakeholders.

Legal project management (LPM) in law firms has an accepted set of best practices, rapidly evolving technology resources and providers, internal advocates, and sophisticated practitioners in diverse practice areas. Law schools are installing LPM courses alongside other core courses. Elisabeth Schroeder, director of legal project management at Barnes & Thornburg, looks at where LPM in law firms goes now.

Where do you see legal project management in law firms going in 2024?

I see LPM continuing to develop as a discipline in 2024 in a couple of key ways that will help law firms provide better, more holistic services to attorneys and clients. I expect to see additional collaboration efforts in the technological space, including artificial intelligence (AI), matter intake, and enhanced ways for partners and clients to track budgets in real time. I also feel that we will see additional requests for alternative fee arrangements (AFAs), which will require reporting out about the extra value law firms like ours can provide, in addition to monitoring legal spend against the agreement.

At Barnes & Thornburg, we have taken the approach that our LPM team will provide operational support to the firm's most valuable engagements. We define valuable in two ways: 1) based on billable fees of current clients, and 2) feedback from leadership on which lawyers and clients would benefit from additional support. The team aims to act as the relationship partners' right hand when dealing with all operational aspects of the client relationship.

With the blessing of the relationship partners, the LPM liaises with operational contact(s) within the client's legal department. This support goes beyond providing budgets and statements of work to include consulting on billing practices, outside counsel guidelines, and AI tools, and providing comprehensive client reporting, playbooks and streamlining communication. As the LPM discipline has matured, so has the way we provide support to our attorneys and clients at Barnes & Thornburg.



How are law firms getting laterals up to speed on LPM?

Barnes & Thornburg's LPM team is part of the Legal Operations department, which encompasses rates, pricing, and practice management. When laterals arrive, they are given an overview of the resources at their disposal and meet with members of the department, so we can gain familiarity with their practice. Some laterals are familiar with legal project management and some are not. The department at-large aims to wrap its arms around laterals to ensure they know what value we can provide by walking them through our service offerings. Our approach is more tailored than some, but that is at the direction of Firm leadership, who values the support the department provides.

How is technology supporting LPM and how is that helping

attorney and client communication?

Technology is key to scaling LPM efforts. Many law firms use data analytics and matter management tools to monitor engagements. At Barnes & Thornburg, we built a suite of reporting tools and software that can be run for our attorneys and clients on-demand. Several of our core functions have been automated, which allows us to function more efficiently as a team, and allows us to respond to our clients in real-time. As AI expands into the legal market, we are working with our clients to sample tools and developing processes within the firm to provide feedback on the path forward. Technology allows the LPM team to produce client-ready deliverables that facilitate client communication and feedback, which allows them to best serve their needs.



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Navigating the Future

Overcoming Challenges in Legal Tech Training and Adoption

Sean Heck, CobbleStone Software



Sean Heck

Sean Heck is Content Marketing Manager at CobbleStone Software where he is a subject matter expert in analytics and strategy. Sean has expanded upon his journalistic writing skills by applying them to B2B content marketing and SaaS product marketing initiatives. He is a graduate of Temple University with a BA in English Language and Literature.

In an era of unprecedentedly hasty technological advancements, the legal industry stands at an industry-defining juncture. The integration of technology in legal practices, commonly referred to as 'legal tech', promises a revolution in how legal services are delivered, managed, and experienced. However, this promising horizon is not without its challenges.

The adoption and effective training for usage of legal tech tools pose significant hurdles for law firms, legal departments, and the broader legal community. This article delves into these challenges, exploring the complexities of implementing legal tech solutions, the barriers to their widespread adoption, and the strategies for effective training and integration.

As the legal landscape evolves, understanding these challenges becomes imperative for legal professionals, firms, and institutions seeking to harness the potential of technology while ensuring efficiency, compliance, and competitiveness in a rapidly changing world.

Challenges in Legal Tech Adoption

1. Resistance to Change

One of the primary obstacles in the adoption of legal technology is resistance to change. Legal professionals, often steeped in traditional methods, may view new technologies with skepticism. This defiance and refusal to accept modernity can stem from a deficit of understanding, fear of obsolescence, or discomfort with the learning curve associated with new systems. Such attitudes can hinder the adoption process, slowing down the integration of innovative solutions that could otherwise streamline operations and improve service delivery.

2. The Skills Gap

As legal technologies advance, a significant skills gap has emerged.

Some members of the current legal workforce, primarily trained in traditional legal processes, may lack the necessary technical skills to effectively utilize new legal tech tools – while some are more adept. This gap not only affects the efficiency of these tools but also limits their potential impact. Addressing this requires targeted training programs and a reevaluation of the skills considered essential for modern legal professionals.

3. Cost and Investment Concerns

Implementing legal tech solutions often requires substantial investment. The costs associated with purchasing software, training staff, and upgrading infrastructure can be prohibitive, especially for smaller firms. Additionally, the return on investment (ROI) is not always immediately apparent, making it challenging to justify the upfront costs to stakeholders. Thankfully, there are legal technology solutions that are cost-effective, quick to adopt, and rapid in providing provable value, but organizations and legal operations professionals need to be aware of how to choose these tools over more costly, complicated, and value-sinking tools.

4. Balancing Technology and Traditional Practice

Integrating technology into legal practice is not just about adopting new tools; it's about finding the correct balance between the human elements of law and the limitless benefits of technology. The legal profession is inherently personal, dealing with complex human issues and nuanced interpretations of law. Striking a balance where technology enhances rather than replaces the human aspect of legal work is crucial. The legal industry is at the brink of an all-AI era, so legal professionals need to be ready to have AI automate the tedium while still retaining the authority of making critical strategic decisions.

5. Privacy and Security Concerns

With the increase in digital data handling, concerns around data privacy and security have become paramount. Legal tech tools must comply with stringent legal standards for data protection, raising challenges in ensuring these technologies are not just effective but also secure and compliant.

Strategies for Successful Legal Tech Training and Adoption

Now we understand some of the troubles legal departments and professionals might face in the budding era of technological innovation. To meet these challenges head on, here are some informed strategies.

1. Cultivating a Culture of Innovation

The first step in overcoming resistance to change is fostering a culture that values innovation. Law firms and legal departments can achieve this by promoting a mindset that embraces continuous learning and adaptation. Leaders in the legal field should actively advocate for the use of technology, highlighting its benefits and demonstrating a dedication to staying innovative no matter what. On the legal department or practice level, teams can set goals for legal technology adoption and retain a human resource that stays abreast of competitors' innovative usage of legal technologies.

2. Tailored Training Programs

To bridge the skills gap, comprehensive training programs are essential. These programs should be shaped to the distinctive and unique needs of legal professionals, taking into account their varying levels of technical expertise.

Interactive workshops, webinars, and hands-on training sessions can be effective in building competence and confidence in using new technologies. An in-house expert within your organization can provide immense value to streamline other employees' usage of these products. Many legal technology and software providers even provide free group trainings for departments, practices, and other teams – so be on the lookout for these for applications used!

3. Phased Implementation and Support

When introducing new technologies, a phased approach can help mitigate the impact of change. Starting with pilot programs or smaller, manageable implementations allows users to acclimate to the new system gradually. Providing ongoing support and resources during this transition period is crucial to ensure a smooth integration. This can gradually provide value and set a roadmap for full adoption while preventing departments and employees from feeling over-pressured and bombarded with tools.

4. Demonstrating Value and ROI

To address cost concerns, it is important to clearly demonstrate the value and potential return on investment of legal tech tools. Case studies, success stories, and data-driven results can be persuasive in showcasing the long-term benefits and efficiencies gained from technology adoption. Some prospective solutions offer ROI calculators and similar tools to make it easier to elucidate the value of a potential legal technology solution.

5. Ensuring Privacy and Security Compliance

Given the importance of data privacy and security in the legal field, any adopted technology must meet these

stringent requirements. Collaborating with IT experts and conducting regular audits can ensure that legal tech solutions are not only effective but also compliant with relevant laws and regulations. Organizations should make sure to select a solution that is transparent about its data privacy procedures and boasts security attestations and accreditations.

6. Balancing Tech with Human Judgment

Finally, it is essential to remember that technology is a tool to augment, not replace, the human element in legal work. Training should emphasize the role of legal tech as a means to enhance decision-making, efficiency, and client service, rather than as a standalone solution. As mentioned earlier in the article, legal technology should automate tedious tasks while a trained legal resource ensures the accuracy of said tasks and ultimately retains the agency to make important decisions.

The Future Outlook: Evolving with Legal Technology

Now that we have explored the process of addressing legal technology challenges, let's take a look at some informed predictions of the future outlook of technology in the legal industry.

As technology continues to reform the legal operations landscape, the position of legal professionals is also evolving. Embracing legal tech requires lawyers and paralegals to not only be adept in law but also to have a working understanding of digital tools. This evolution opens new avenues for legal service delivery, from automated document review to advanced legal research tools, thereby enhancing the efficiency and accuracy of legal work. While legal technologies automate these

important tasks, lawyers and other legal professionals need to retain their expertise in the case that things go awry with these technologies.

Artificial Intelligence is poised to play an ever-increasingly significant role in the future of legal tech. AI can automate routine tasks, analyze large volumes of data for insights, and even predict legal outcomes, thereby transforming legal research and litigation strategies. Understanding and adapting to AI's capabilities will be a key focus for future legal tech training and adoption. AI already positively transforms contract management and more – but who knows how innovative it might be in the future!

The rapid pace of technological change necessitates a commitment to legal professionals' continuous education and growth. Legal professionals must stay informed about emerging technologies and trends to remain relevant and competitive. This also means that legal education and training programs will need to be regularly updated to reflect the latest technological advancements.

Legal technology has the potential to greatly expand access to legal services, making them more affordable and available to a broader range of clients. Online legal services, virtual consultations, and automated legal assistants can democratize access to legal advice, especially for underserved populations.

As technology becomes more ingrained in legal practice, ethical considerations will become increasingly important. Legal professionals must make sure that their leveraging of innovative legal tech adheres to ethical standards, particularly in terms of client confidentiality, data security, and unbiased decision-making.

Preparing for a Tech-Driven Future

The legal sector must prepare for a future where technology is an integral part of every aspect of legal work. This preparation involves not only adopting new tools but also rethinking legal processes and strategies to fully leverage the advantages of technology.

The Key Takeaways

As we traverse the countless opportunities and innovations provided by legal tech, one thing is clear: the future of the legal profession is inextricably linked with technology. The challenges of legal tech training and adoption, while significant, are not insurmountable. By fostering a culture of innovation, tailoring training programs, implementing technology in phases, demonstrating clear value, ensuring privacy and compliance, and balancing technology with human judgment, the legal industry can overcome these hurdles and powerfully leverage legal technology into the distant future.

That future's outlook is promising, with technology poised to revolutionize how legal services are delivered and accessed. The evolving role of legal professionals, the integration of AI, the necessity for continuous learning, the expansion of access to legal services, and the importance of ethical considerations in tech usage, all paint a picture of a dynamic, efficient, and more accessible legal landscape.

The key takeaway is that the legal sector must not only adapt to technological advancements but also proactively shape them to fit the unique needs and ethical considerations of the law. Embracing legal tech is not just about staying relevant; it's about enhancing the quality, accessibility, and efficiency of legal services. As we look to the future, the synergy between law and technology will undoubtedly be a defining factor in the evolution and success of the legal profession.

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Getting Back to CLM Basics

You Need to Walk Before You Run

Tim Donaghy, Contract Logix



Tim Donaghy

Tim Donaghy has been with Contract Logix since 2006 and was on the founding team during the initial product concept phase. As the CTO, Tim leads all Product and Technology direction for the company. He has crafted the vision for what has become an industry leading SaaS platform. Tim is a well-known industry expert, speaker, and author in the field of contract lifecycle management.

Tell us a little about yourself and your background. What experience do you have working with legal teams?

I've been with Contract Logix since the company was founded in 2006. I worked on the initial product concept and vision, and I've seen the contract lifecycle management (CLM) space develop from on-prem to Software as a Service (SaaS) during that time. We work extensively with legal and procurement teams (among others) in highly-regulated industries to help mitigate financial and legal risks and improve their CLM processes.

What does Contract Logix do? How do you stand out in the noisy CLM space?

Contract Logix is one of the longest-tenured contract management software companies in the industry, and we specialize ONLY in CLM. For almost two decades, our platform has helped in-house legal, legal operations, IT, procurement, finance, and sales professionals across dozens of industries digitally transform the way they manage the pre-award and post-award phases of buy-side and sell-side contracting. Our belief is that everyone has risk hidden in their contracts, and our goal is to help our customers uncover and mitigate that risk. This could be everything from missed obligations to supply chain disruptions to proving compliance, and more. We know that you can't entirely eliminate risk, but we help our customers get visibility into where their risks are, so they have the data they need to mitigate them. And as specialists, we work closely with tens of thousands of users. We have a great product, and a team of CLM experts with the implementation and change management expertise necessary to help our customers be successful.

What are some of the fatal flaws that hold back organizations from fully realizing the benefits of contract management software?

As I mentioned above and to our customers often, I've been in the CLM space a long time, and we at Contract Logix are thrilled to see how many organizations are starting to understand the value of

effective and efficient contract management. There's a lot of buzz in this space right now. That's exciting, but one of the major flaws we encounter is when an organization tries to do too much too soon. They get really energized by the idea of what they'll be able to do in the future with CLM and forget about the problems that they are trying to solve "right now" with the technology.

The truth is that a large majority of organizations are NOT using CLM technology. We talk with a lot of prospects that come to us using spreadsheets and shared drives to track and store their contracts. This creates all sorts of problems like lacking real visibility into what's happening overall with their contracts, and there's a ton of risk to this approach. It can lead to errors, delays, and missed obligations, not to mention being inefficient and potentially non-compliant. These people know they are at risk, and they want to avoid the financial and legal consequences that come from those risks. So, they decide to implement technology like the Contract Logix platform or another CLM provider.

This is where organizations start making things way more complicated than they need to be. A Gartner analysis found that 50 percent of first-time CLM deployments fail, and our belief is that this happens because businesses lose sight of the fact that at the end of the day, they need to mitigate risk. They get distracted by bells and whistles and forget to do the foundational work needed to ensure that their CLM program is successful.

While each organization is different, and part of what differentiates Contract Logix is that we take a boutique approach to our customers, in general, there are three basic steps all organizations can take to mitigate contract risk.

The first step is to make sure that all of your contract data is **captured** in a centralized place. This will be your single

source of truth for all contracts and mitigates risk by being secure, accessible, and organized. Users can report on, search, and organize contract data by any relationship such as type, term, language, organization, contact, and more.

Next, step two, is where organizations **activate** that data. Are there easy problems you can solve once all the contracts are centralized? Automated alerts are a great

way to mitigate risk, but we've seen industry stats that say only 55 percent of CLM users do this. In our opinion, that number should be 100 percent.

Everyone has contract obligations and deadlines to meet, but many organizations don't take advantage of this foundational CLM element. During this step, users can also create

standardized templates for common contracts their organization uses, in addition to well-defined review and approval workflows that meet both internal business process rules and external compliance requirements.

Step three is **analytics** and advancement. This allows you to audit and evaluate the performance of all of your contracts, and continuously optimize and improve using advanced analytics, KPIs, and more sophisticated CLM features.

The problem is that we see a lot of organizations try to jump to step three without doing steps 1 and 2 first. Our recommendation is that you start with the basics and then

Our belief is that everyone has risk hidden in their contracts, and our goal is to help our customers uncover and mitigate that risk.

mature and evolve your CLM. There's no need to make it harder than it needs to be.

That's some very pragmatic advice that seems to make a lot of sense. Any other considerations or misconceptions you can share with an audience considering contract management software?

Selecting the technology is only the beginning. Anyone can buy CLM software, but to make implementation truly successful, you need to consider change management, training, and user adoption. This requires planning and preparation, defining the business problem, and how you'll define success. It also means getting really specific about all stakeholders' roles in the process and how the software will be rolled out to end users. Working with a CLM provider that has expertise in implementation and change management can really help ease the transition.

Can you give an example of where or why you think organizations are getting technology implementations wrong?

We talked about the three steps for successful CLM (capture, activate, analyze) and how many organizations get distracted and jump ahead, running before they crawl and walk. AI is a great example of this. There are a lot of different use cases for AI at varying degrees of maturity. One area where we see a ton of potential for AI is helping our users get their data into the CLM software and quickly realize that capture phase. Whether they need to import contracts in bulk or one at a time, organizations can use AI-powered Data Extraction to free up time they might have spent manually entering contract information. We see a lot of folks get very excited about advanced AI analytics, but they have to do the foundational work first. If you haven't captured all of your contract data correctly,

the advanced analytics don't mean anything – the data is going to be wrong.

If organizations follow these steps, can you share quantitative or qualitative examples of their return on investment?

When organizations follow the three steps, they not only identify risks in their contracts, but also in their business processes. There are some quick and easy wins. Centralizing and securing contracts and related documents in a secure and easily searchable cloud-based repository automatically frees up the time it would take to search for all that data manually. Using clause and template libraries means that all standardized and approved compliant legal language and formats are accessible to those who need them, freeing up even more time. Automated workflows can help identify any major bottlenecks, and as I mentioned before, automated alerts eliminate risky missed dates and obligations. In the simplest terms, avoiding just one contract renewal, or reducing hours spent on manual processes, can easily pay for the software.

Another great ROI of CLM software is that organizations now have easy access to contract-related metrics (contract dollar values, number and type of new contracts per month, number of requests for contracts, aggregate value of different contract types, vendor performance, etc.) giving them greater visibility into the overall health of the business and the insights needed to take action, if necessary.

Most businesses understand that they have risk, so they buy technology to address the problem. The risk of a failed CLM implementation can be heavy, but when you put the right foundation in place, you mitigate that risk. We're passionate about helping our customers solve this problem and getting back to basics.

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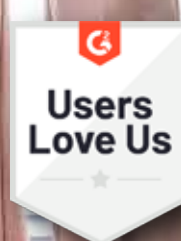
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Analyzing the Real-World Applications and Value of AI for eDiscovery

Karl Sobylak, Fernando Delgado, Sarah Moran, Lighthouse



Karl Sobylak

Karl is an expert in legal technology and big data analytics with over 20 years of experience. A University of Albany alumnus with a B.S. in Computer Science and Applied Mathematics, Karl has contributed to innovating in eDiscovery, specifically in the development and deployment of AI and machine learning technologies. His work focuses on creating data-centric solutions that enhance legal outcomes, reduce costs, and mitigate risks, notably improving document review efficiency and accuracy in legal proceedings.

Advancements in artificial intelligence (AI) are raising questions and opportunities in every industry. AI capabilities like natural language processing, prediction, and content generation have taken massive leaps forward in recent years, leading to headline-grabbing platforms like ChatGPT, as well as other tools that receive less attention but are no less impactful.

In the legal profession, advanced AI is already changing how firms and in-house counsel approach eDiscovery. The scale of and intricacy of document review, in particular, makes it an ideal domain for the computational power and nuanced analysis that AI is capable of today.

This whitepaper provides legal teams with practical information about how advanced AI can support their document review efforts. This includes straightforward explanations and real-world examples for using AI on single matters, multiple matters, and at the portfolio level.

Advancements in AI are only going to continue, so it's important to get familiar with them now. We hope this whitepaper brings the new frontier of AI a little closer to home so that teams can make the most informed and effective plans for document review.

AI for Single Matters: Refining Responsiveness

What It Is

Advanced AI builds responsive sets that are significantly smaller and more precise than those built by classic TAR models.

The most common technology-assisted review (TAR) models used in eDiscovery were designed in the 1970s, so their capacity is limited. They recognize words but not context, they're blind to metadata, and in general they search and analyze documents at a superficial level. As a result, classic TAR models create large responsive sets with many documents that aren't actually relevant,



Fernando Delgado

Fernando Delgado is an expert in AI with over 18 years of experience in the legal technology sector. He is the Director of the Advanced Analytics and AI group at Lighthouse and is responsible for the application of Lighthouse proprietary technology in structured analytics, predictive AI, and generative AI solutions. A veteran eDiscovery technologist, Fernando has pioneered multiple solutions including Lighthouse's Key Documentation Identification (KDI) for targeted fact-finding, cross-matter analysis for strategic work-product re-use, and more.

while leaving out many documents that are.

Advanced AI takes a much more comprehensive look, which makes it much more precise at capturing relevant documents and discarding irrelevant ones. It uses multiple layers of learning networks to incorporate a higher volume of data and broader range of data types and sources into its algorithms. It also utilizes natural language processing (NLP), which studies words in context to get a nuanced interpretation of meaning. This makes NLP much more accurate than older models when classifying responsiveness, privilege, and other categories.

Why It's Valuable

Advanced AI enables legal teams to avoid the excessive delays and cost of reviewing thousands of irrelevant documents.

The benefits of a smaller and more precise responsive set are obvious: With fewer documents for eyes-on review, the whole effort is faster and less expensive.

And the need for these benefits becomes more pronounced every day. Datasets are swelling to millions of documents, while legal budgets are shrinking. Legal teams must reduce the responsive set in a cost-efficient and defensible way.

The cost of using advanced AI analytics is often outweighed by the savings it enables. TAR workflows that incorporate advanced AI have been approved by multiple courts and U.S. regulatory agencies for various matters, and a good eDiscovery partner will advise you on projected ROI and how the technology works so you can represent it with authority during litigation.

In the Real World

Advanced AI outperformed traditional TAR models during an HSR Second Request, using the same data and parameters.

During a recent Hart-Scott-Rodino Second Request, outside counsel

for a Fortune 500 technology company used advanced AI to create a responsive set of documents for submission to the Department of Justice. The firm also ran two popular TAR models on the same data, using the same control set, to compare performance and inform the firm's approach to future matters.

Advanced AI outperformed traditional TAR in several critical metrics.

AI for Multiple Matters: Reusing Work Product

What It Is

Work product reuse is the process of recalling and learning from old datasets to make document review more efficient and consistent from matter to matter.

In traditional eDiscovery, legal teams start from scratch on each new matter, regardless of how similar it is to the last one. Often this means reviewing and coding the same data again and again, as if for the first time. Not only is this redundant but, as data volumes grow, it's becoming downright unfeasible.

Over the last decade, work product reuse emerged as a way to avoid the burden of repeated review. Until recently, the process was limited: Documents had to be identical between matters in order for teams to reuse coding.

Today, advancements in AI technology enable teams to reuse work product much more flexibly and effectively. Legal teams can unleash advanced AI to identify, reuse, and learn from the work product in millions of previously coded documents archived in old databases.

Why It's Valuable

Even if documents are not identical among matters, past data and decisions are still a gold mine of knowledge.

This is especially true for classifications that generally stay the same from matter to matter, like junk, privilege, and sensitive

430K

Fewer documents found to be potentially responsive than the nearest alternative

50%

Fewer documents for privilege review, compared to classical TAR model

70%

Fewer foreign-language documents requiring translation and review, compared to one TAR model

Overall Savings

18K

Review Hours

\$2M

USD



Sarah Moran

Before joining Lighthouse, Sarah Moran worked for a decade as a practicing attorney at a global law firm, specializing in eDiscovery counseling and case management, data privacy, and information governance. She earned her B.A. in English from Penn State University and her J.D. from Delaware Law School. At Lighthouse, Sarah utilizes her eDiscovery expertise to help prospective clients understand how Lighthouse technology and services can help them navigate the ever-changing world of eDiscovery and data governance.

information (e.g., privilege, personally identifiable information (PII), and trade secrets). Analytic tools that use advanced AI get smarter by analyzing previous attorney review decisions, metadata, language use, and other aspects and artifacts. This powers more precise assessments and recommendations when it encounters new documents.

When one of these documents comes up for review again, advanced AI uses that information to predict likelihood that it falls into one of the noted categories and can resurface its classification history along with it. Review attorneys are armed with historical and predictive data, making faster, data-driven decisions to apply document coding.

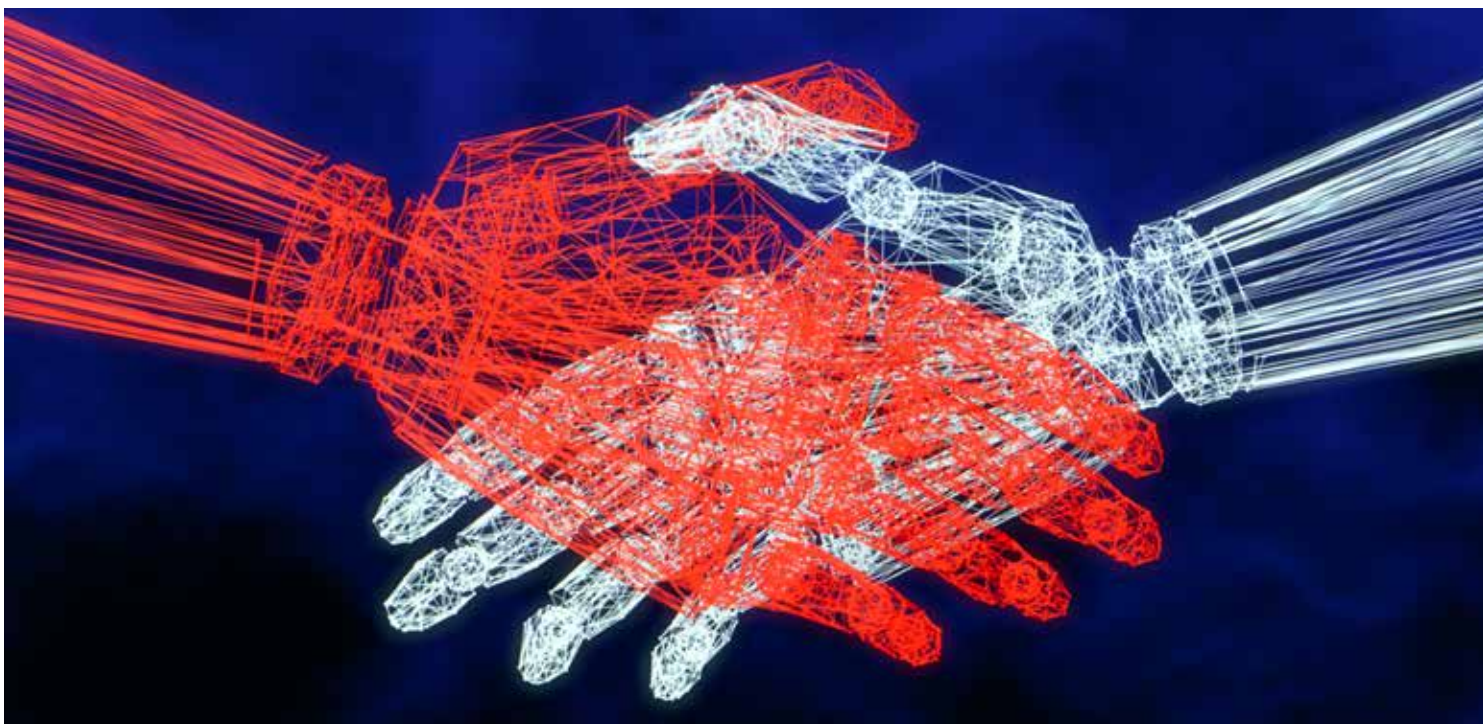
In the Real World

Using advanced AI analytics across matters enabled counsel at a global pharmaceutical company to save on document review and make strategic decisions sooner.

Inspired by the efficiency they achieved with advanced AI on a single matter, the company proceeded to use it on an additional 5 related matters. Each one proved to have thousands of documents in common with past or concurrent matters—more than 30,000 overlapping documents in some cases.

Past attorney work product was reused to reduce eyes-on review and improve consistency and accuracy:

	Case A	Case B	Case C	Case D	Case E
Documents produced to review	17,300	51,800	23,700	35,000	74,200
Reused redactions	275	540	50	400	3,600
Reused privilege coding	4,300	6,080	970	4,100	11,000



Further insights followed, with immediate payoffs for review and case strategy. These included:

- 20K documents from one custodian were collected and processed across multiple matters, but only 10 documents ever actually made it to eyes-on review as potentially responsive documents.
- Another custodian's documents were reviewed and produced across multiple matters and were classified as privilege zero percent of the time.

AI for eDiscovery Programs: Portfolio-Level Analytics

What It Is

Portfolio-level analytics are metrics calculated by advanced AI based on an organization's entire legal portfolio.

Like work product reuse, this involves leveraging and learning from previous work. But instead of looking at a select set of matters, advanced AI analytics are applied to an entire portfolio.

This “dashboard view” of all eDiscovery work product and data enables legal departments to make much more informed, strategic decisions—both on a specific matter and for the organization as a whole. It can help identify trends and make decisions that enhance efficiency and strategy while reducing legal costs and risks.

Why It's Valuable

Legal teams can make numerous observations when they get a portfolio-level view of their work.

Not only does advanced AI make more accurate judgments

the more data it ingests, it enables legal teams to act on trends they wouldn't see otherwise. For example, they might find that particular custodians consistently have large volumes of attorney-client privilege or PII within their data. In the short term, this can help case teams plan for matter costs and make more informed eDiscovery burden arguments to courts and opposing counsel. In the long term, it can better inform their information governance and data retention policies.

A full portfolio view can also assist case teams even before collecting data for a current matter. They can look at what type of information resides in a custodial or data source collection and how it was previously coded, to help inform

case strategy and control legal costs. Or an in-house legal team may discover patterns—such as increased litigation when specific custodians or data sources are involved in a matter—that can help organizations minimize risk and improve workplace compliance in the long term.

In the Real World

Access to a vast library of past matters enables advanced AI to make highly informed assessments of privilege.

A global technology company needed to conduct a privilege review on an expedited timeline. The traditional process of running privilege search terms identified more than 300,000 documents that would require review.

But the company had an ace up its sleeve: It had been using advanced AI analytics at the portfolio level for several months prior. With a comprehensive view of past matters, the AI model was able to make highly informed assessments of whether documents were likely to be privileged.

Want to Know More?

Looking at single-matter, multiple-matter, and portfolio-level applications of advanced AI is a great way to understand this new technology and its potential to enhance document review. But advanced AI can support eDiscovery in many other ways. And exploring its potential doesn't have to be an all-or-nothing proposition. Curious teams and attorneys can start small and build up familiarity and utilization incrementally.

We hope this answers at least some of your questions about how advancements in AI affect the legal industry and your work and practice in particular. For further answers, insights, and examples, visit our Review Intelligence page.





Use the Latest Advancements to Your Advantage

Digital data is growing in scale and complexity—but don't let it slow you down. Lighthouse experts use powerful AI analytics and hard-earned experience to help you thrive in an evolving technology landscape.

Lighthouse Leads the Way—and Momentum is Building

2019

Launched Our First AI Classifier
with Large Language Models

#1

First AI-Based TAR
Approved by DOJ and FTC

2B

Documents Analyzed by AI Across
100 Clients and 2K Matters

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Have **up to 90%** less privilege review and an automated privilege log, ready for QC.

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LIGHTHOUSE

The Modern General Counsel

What is Driving the Enterprise Legal 2.0 Evolution

Andy Teichholz, OpenText



Andy Teichholz

Andy Teichholz is the Global Industry Strategist for Compliance & Legal at OpenText. He is responsible for developing the cross-portfolio strategy and messaging relating to OpenText's legal and compliance solutions. Andy has over 25 years of experience as a litigator, in-house counsel, consultant, and technology provider. He has served as a trusted advisor to customers by leveraging his business acumen, industry experience, and technical knowledge to advise on business process improvements and risk mitigation strategies.

As a trusted partner to many corporate legal leaders, what are some major changes you are witnessing regarding the practice and business of law?

In-house legal is undergoing an unprecedented transformation. The modern general counsel or chief legal officer role is evolving from legal advisor into something much more. These leaders are playing a more strategic and influential role with the C-Suite to help make decisions that not only protect the business with stronger risk management, but guide growth and profitability. Demonstrating value beyond cost containment and risk avoidance is key. Our customers want to make smarter decisions and drive better business outcomes. They want to increase their relevancy and demonstrate *influence* as a strategic partner. The legal teams we speak to are looking to be more proactive especially in identifying and responding to threats and meeting regulatory obligations to avoid financial and reputational risk to the business. Departmental priorities are heavily focused on increasing productivity to focus attention on higher value work as well as to increase the speed and quality of service to the business.

New risks to the business and data related challenges are contributing to a shift in the role and responsibilities of the general counsel and its department priorities. There is a significant focus on new risk areas around data privacy, cyber threats, and regulatory compliance. The focus that we have been witnessing was corroborated in the recent survey, *The Modern General Counsel Survey*, that we conducted with CCBJ. Respondents in that survey noted role expansion in related areas around compliance monitoring, data privacy management and cybersecurity planning. Beyond new risks, heightened regulatory scrutiny on anti-corruption and misconduct is on the rise. With dawn raids and on-the-spot investigations making a comeback in-house legal teams are focused on leveraging data analysis and analytics to inform risk management processes. Legal teams are also under pressure to control costs and manage risk amidst increasing data volumes. Increasing data volume and the complexity of information produced is making it harder to identify, manage, remediate, and report on litigation and compliance activities.

How is innovation being used to meet goals and departmental objectives?

Managing data complexity and data handling activities, regulatory, social, and economic shifts are making the old ways of operating legal departments untenable. The most successful leaders understand that leveraging technology is a necessity rather than a luxury – and making it increasingly clear they need innovation to increase productivity and improve performance. They are also looking to exploit a wide range of critical technologies and services to maximize ROI and minimize risk to reshape the practice and business of law. To optimize operations, in-house legal must automate key activities using AI tools to drive productivity. From a governance perspective, they must exert greater control of organizational data to manage and mitigate risk. With the AI-driven legal platform from OpenText, general counsel will be able to rapidly gain insights, drive better business strategy and help fellow executives make good risk-adjusted decisions, improve litigation strategy, and monitor compliance.

What kind of support does the legal department need to execute on its technology mission and goals?

Achieving departmental goals or successfully executing on key initiatives not only requires close collaboration with its departmental subject matter experts (e.g., legal operations team), but requires a strong partnership with the Chief Information Officer (CIO) and the IT department. As the organizational leader for defining the technology strategy, the CIO provides indispensable digital transformation leadership to the GC who wants to facilitate innovation for their organizations and ensure that its departmental strategy aligns with the broader organizational technology roadmap. This may include establishing integrations with

key applications, reassessing work dynamics, and driving secure and compliant data handling.

In recent years, the CIO is emerging as a critical player in identifying and developing solutions to digitally transform the legal department while ensuring the organization is getting full value from its technology. This includes recognizing that automation and other innovations must be implemented to increase productivity and improve performance and collaboration. In fact, in our survey, 72 percent of respondents stated that CIOs play a critical or important role in delivering on departmental legal innovation strategy. And over 40 percent of *CCBJ survey* respondents indicated that a lack of IT advocacy and collaboration is preventing general counsel from implementing technology.

Critical areas of CIO support generally include:

(a) identifying the right technology options to support needs/requirements, (b) mapping solution needs to existing systems, (c) evaluating the full value of technology options including ROI and (d) supporting user acceptance. Moreover, we have also seen the CIO play a larger role in supporting legal around data privacy management, cybersecurity planning, incident and data breach response, information governance, and other compliance monitoring activities.

The days of operating in silos are long over. As a result, the GC and CIO must establish a strong partnership to improve alignment around corporate strategy, departmental priorities, and navigating data related challenges associated with complying with legal and regulatory obligations – including processes, such as setting legal holds and data collections, which are an important part of both records management and litigation discovery.



How can OpenText help enterprise legal leaders support their departmental priorities and strategy?

To shape the modern practice of law, today's general counsel must better leverage information and technology that delivers the total legal experience to all levels of the department who play a role in strategy, operational excellence, and delivery execution. Having this total, end-to-end, single provider experience transforms an organization from a less mature Legal 1.0 to become Legal 2.0 – increasing department relevancy by empowering smarter business decisions, using AI led tools to drive productivity, and optimize operations by maximizing ROI and minimizing risk to ensure greater governance and process control.

We help legal leaders deliver speed to facts, optimize operations, manage risk, and improve outcomes. Our Legal 2.0 platform transforms enterprise legal departments by delivering intelligent, AI-based solutions and trusted

services spanning all enterprise legal data and information management needs. The platform leverages AI and automation to increase efficiencies and proactively manage and mitigate risk. Legal departments can optimize workflow, enhance collaboration, and increase productivity within their legal teams. Centralized access to legal resources and repositories facilitates effective knowledge sharing, repurposing work to expedite responses to litigation or regulatory requests and ensuring consistency and defensibility across the organization. Using this platform, legal team can also proactively manage new and emerging sources of risk, manage outside counsel spend and budget control for cases, meet stakeholder obligations with constrained resources, and effectively defend compliance program activities.

Can you talk a little more about the benefits of your platform?

Our composable intelligent AI powered platform and

value add services support and simplify a full spectrum of critical legal tasks and use cases to meet legal and compliance obligations. Key use cases we support include eDiscovery, investigations, legal content management, knowledge management, information governance, data privacy and protection, data breach response, and contract intelligence. We leverage a wide range of core technologies including AI/Analytics, Security, Content Management, and Process automation to address information management needs. These tools deliver on a broad range of core capabilities.

For eDiscovery, we provide comprehensive end-to-end solutions that extend beyond isolated point solution. Our capabilities cover the entire flow of information across the Electronic Discovery Reference Model (EDRM) – supporting all phases of eDiscovery from identification and preservation, data collections, processing, analysis, review, and production. Our advanced analytics and AI help legal leaders to assess case merits, develop strategy, and find facts faster to make risk-adjusted decisions. Not only do we have the technical breadth, but we have flexible deployment options including off cloud, private cloud, SaaS, and hybrid. We also offer trusted experts and best in class legal managed services that augment our technology capabilities in the areas of digital forensics and collections, investigations, breach response and reporting, managed document review, and subject rights request reviews including DSARs.

How is OpenText looking at GenAI to address customer needs?

Very carefully. AI is the key disruptor teams are focused on right now that is changing the legal landscape forever. Customers continue to evaluate its use to increase productivity, improve decision-making and to free up resources to focus on high-value work. With the steadily

increasing interest in ChatGPT, customers are now asking us what our plans are to develop or integrate generative AI into our products.

We believe in deploying AI responsibly for our customers to ensure that our AI-enabled solutions are reliable, defensible, and deliver proven efficiency and cost savings. As a market leader in AI and advanced analytics, we have a deep understanding of market needs. This includes the importance of process defensibility and leveraging techniques to improve accuracy. We also have a strong track record of implementing AI responsibly. Our eDiscovery solutions have a long history of incorporating advanced analytics and machine learning to dramatically improve review efficiency and lower costs while ensuring defensibility of process. We have been leaders in Technology Assisted Review (TAR) for eDiscovery – from first-generation TAR protocols to TAR 2.0 featuring continuous active learning for improved speed and efficiency combined with a unique contextual diversity algorithm that eliminates the risk of missing relevant documents. We also incorporated our proprietary AI technology for further data enrichment by unlocking the value hidden in unstructured text - extracting terms, concepts, entities, sentiments, emotions to yield rapid insights and create document summaries for context, sentiment analysis for attitude and emotion, and fact vs. opinion analysis to test assertions.

We are taking this same measured approach with Generative AI. We are committed to deliver ultimate value to our customers rather than just adopting generative AI to make news headlines. There is limited value beyond bragging rights in being first and so we have been careful to avoid getting caught up in the hype and to make bold statements about the power and utility of generative AI without ensuring that our tools can consistently and

accurately solve real problems. There are too many concerns over generative AI and large language models (LLMs) around ethical issues, misuse, bias, accuracy, privacy, confidentiality, and security to not work exhaustively to ensure we apply it appropriately and safely.

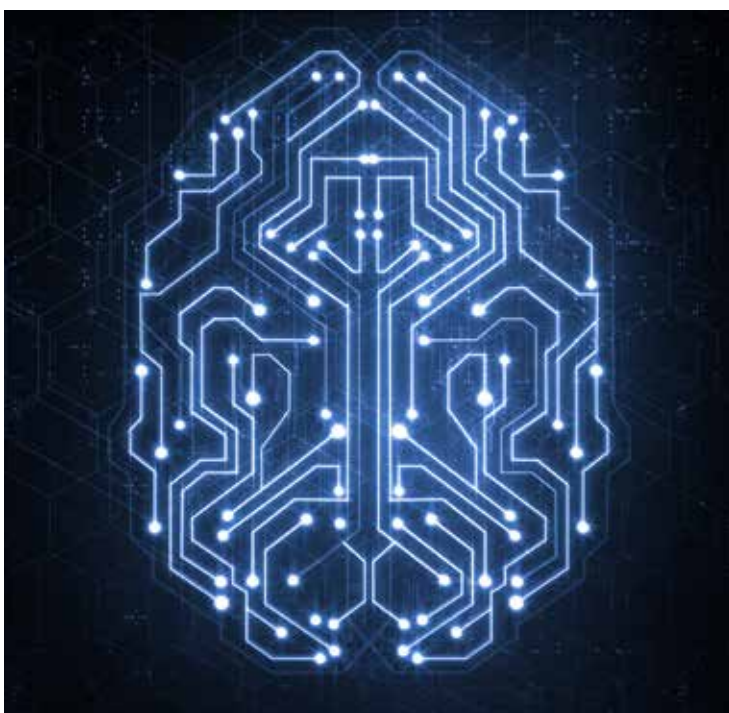
Value comes from safely using LLMs – keeping data private, finding insights, and in nearly all cases, behaving repeatably. We believe the right answer comes from exhaustive testing and transparency. Legal teams will need to know the parameters, models, prompts, and chaining techniques that were used. Corporations will want to validate anonymization techniques and workflows to make sure that the new tools honor their own data privacy concerns. Many combinations of fact checking, regressions, and multiple model comparisons will be required to tackle increasingly large data sets. Additionally, if used improperly, third-party LLMs can

present significant security and privacy risks. Sharing certain types of data or sharing personal, confidential, or sensitive business data with a third-party tool could result in a regulatory violation and such information, used in prompts, may be incorporated into responses for users outside the enterprise. Moreover, any data leaks could expose information inappropriately to the public causing regulatory risk and reputational harm.

OpenText has introduced our first products called Aviator, focused on leveraging GenAI in our technology across our ecosystem. The beginning of the Aviator for Legal journey is focused on enhancing our market leading eDiscovery offerings. This includes using key case documents such as complaints or briefs to identify a set of associated documents that are likely important to the case, then creating a LLM generated case summary from those documents. In addition, Aviator for Legal will provide intuitive, plain language summaries of concept groups to deliver rapid data insights and enhance user experience. We expect these to be available soon as part of a later release.

Any final thoughts for the future?

Absolutely. Forward-thinking lawyers are already creating high-performance, highly flexible legal departments. Most general counsel, if they have not already, are very much aware of the need to be strategically relevant to thrive in this new digital age. A stronger voice, greater agility and innovation are necessary to address changing expectations, increased volume and complexity of data, new regulations, and cost pressures. We play a small role in enabling those leaders and their teams to be successful by helping them to make smarter, data driven decisions to tackle emerging legal, compliance, and regulatory challenges.



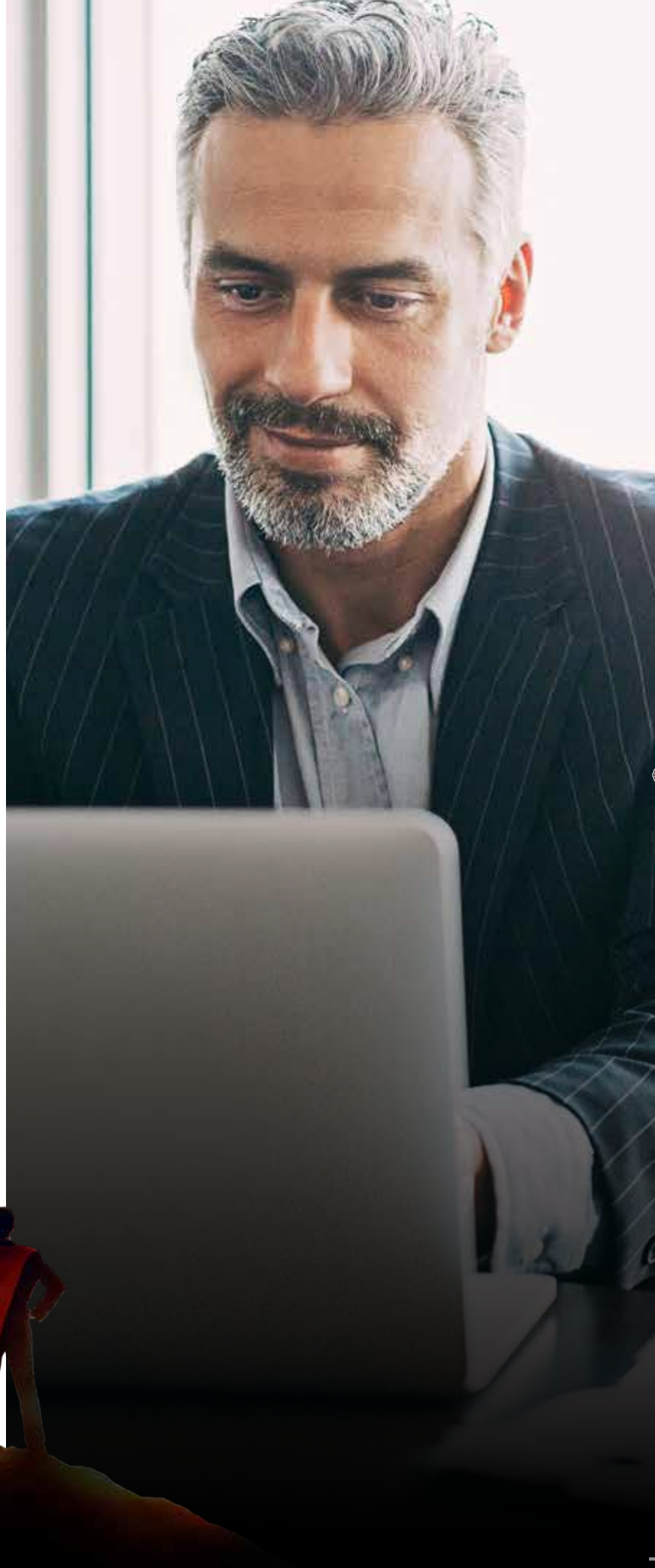
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Generative AI

What In-House Legal Departments Need to Know

Sterling Miller, Thomson Reuters



Sterling Miller

Sterling Miller is a three-time General Counsel who spent almost 25 years in house. He has published four books and writes the award-winning legal blog, *Ten Things You Need to Know as In-House Counsel*. Sterling is a frequent paid contributor to Thomson Reuters as well as a sought-after speaker. He regularly consults with legal departments and coaches in-house lawyers. Sterling received his J.D. from Washington University in St. Louis.

The artificial intelligence (“AI”) products for lawyers released over the past several years have left a lot to be desired. Many were interesting but all lacked the “Oh, my God” AI moment. Until now. And unless you have been living on the moon for the past year or so, you know that ChatGPT has come to dominate technology headlines, not only in the business world generally but also in the world of legal services where, for perhaps the first time, people are starting to ask if lawyers can survive this [technological tsunami](#). Below we discuss generative AI and how in-house legal departments will be affected.

What is artificial intelligence?

The term “artificial intelligence” can be a bit misleading, at least when it comes to application in the legal field. Artificial intelligence is an umbrella term to describe technologies that rely on data to make decisions. For purposes of the legal work, a better description is “cognitive computing.” Cognitive computing uses AI systems that simulate human thought to solve problems using [neural networks and other technology](#). Cognitive tools are trained vs. programmed - learning how to complete tasks traditionally done by people. I like to think about it as a research assistant who can sift through the dreck and tell you what it found. Why is this important? Because [328.77 million terabytes of data](#) are created each day. The ability of any human to review and comprehend that level of dreck is impossible. AI systems augment our ability to digest such a vast amount of data and generative AI adds a powerful method of doing just that.

What’s going on and why now?

In 1965, Gordon Moore made a prediction based on his observation that the number of transistors per square inch on integrated circuits had doubled every year since their invention. This is, of course, “Moore’s Law.” His law predicts that computer power will double roughly every two years while the cost of that computing power goes down. Simply put, more computer power for less

money. When coupled with the ever-lower cost of data storage, you have the foundation for the rapid rise in AI capabilities and availability. For ChatGPT, the sudden explosion into our consciousness was caused by decades of scientific work that was finally matched with the right level of raw computer processing power to make it feasible to launch and use such technology, i.e., in late 2022 the technology caught up with the thinking. As business leaders (and businesses) become adept at using these tools, they will expect the other members of the C-Suite – including the general counsel and the legal department – to follow suit. Legal departments, therefore, need to be ready for this change and must [adapt quickly to the use of generative AI](#).

How it works

For our purposes, artificial intelligence has evolved in three stages, and understanding this evolution is key to understanding the power of generative AI:

Stage 1 - AI is a computer programmed to mimic human intelligence, e.g., it can recommend a song you might like, spot spam emails and move them out of your inbox, and even drive a car.

Stage 2 - On top of general AI came machine learning, a branch of artificial intelligence that allows a computer to learn from data without being specifically programmed. It's like teaching a computer to play chess. At first, the computer doesn't know how to play, but it gets better over time as it gets more and more information or experience.

Stage 3 - Now comes generative AI, which is like Picasso in the world of artificial intelligence. Instead of just learning patterns and making decisions like other versions of AI, it can create new stuff. It can write songs, paint pictures, design graphics, or even write stories.

Where lawyers once used AI to extract pertinent information by typing a query directly into the machine, lawyers can now ask it to create things. Because of the power of generative AI to create vs. regurgitate and to interact with the user in ways that mimic human behavior, lawyers are far more ready to adopt and use these tools than they were five or six years ago when AI first came on the legal scene. The result? Generative AI will become ubiquitous – an indispensable assistant to practically every lawyer.

Robot lawyer army?

Now I tackle the question on every lawyer's mind – [will generative AI replace lawyers](#)? In short, I am sorry to disappoint anyone who had visions of unleashing a horde of mechanical [robot lawyers](#) to lay waste to their enemies via a mindless rampage of bone-chilling logic and robo-litigation. That isn't happening (but what an HBO mini-series it would make!). Instead, what is likely to happen are three things.

- 1) Certain legal roles may undergo changes, particularly those primarily focused on tasks such as document review, summarization, or initial legal research, which could see shifts in their responsibilities.
- 2) Jobs will be created, including managing and developing generative AI (legal engineers), and writing prompts for AI (prompt engineering).
- 3) Most lawyers will be [freed from certain mundane tasks](#) and can focus more on work that creates value.

Moreover, the bar will not allow generative AI to replace lawyers; the practice of law will require humans in some capacity no matter what. Second, lawyers must validate everything generative AI spits out. Third, generative AI does not understand context, nor can it discern whether it



is being used to come up with the answer the user wants vs. the correct legal answer (i.e., right vs. wrong, but also, as Charles Spurgeon said, right vs. almost right). Only people can do that. And fourth, when it comes to serious legal work, most clients will want to talk (or be able to talk) to a person, not a chatbot.

Generative AI should – eventually – make your life easier and allow legal departments to increase efficiency without adding (or cutting) headcount and without having to invest large sums of money. It will be another tool you can use to streamline tasks and reduce the amount of mundane work you must deal with.

The prompt

When it comes to generative AI, the most critical element is the “prompt” you use to get results. Prompts are

questions, instructions, or requests that you type into the tool to trigger the process described above. You can ask generative AI multiple questions, make multiple requests as part of one prompt, or refine the results by refining the prompt or adding to the data generative AI is considering. It takes practice and time to get it right. The best way to think of prompts and generative AI is to treat the tool and process like you would treat a young associate or intern: You must brief it on what you want/need, give additional information over the course of the assignment, ask clarifying questions, and, in the end, likely fix the work product.

Generative AI works by attempting to understand your question (i.e., your “prompt”). Once you prompt it to do “something,” it scans a ton of information and writes the best answer possible based on the data it has access to (just like you do as a lawyer, only at a much slower pace). Here are some simple prompts I have created or found

that make it easy to get started:

- What is the standard for [set out legal issue] in [x] jurisdiction?
- Outline the steps needed to do [y]
- Can you explain the holding in [specific case]?
- Create a checklist for...
- Draft a contract for [scenario]
- What are the ethical considerations for [specific legal scenario]?
- Set out the pros and cons of [x]
- Can you provide cases that discuss [specific legal issue]?
- Summarize this agreement and identify the five most important terms

What can generative AI do right now?

Here is a short list of some of the things that generative AI can do for in-house lawyers right now:

- E-Discovery document review and summaries
- Legal research
- Draft memoranda, contracts, clauses, email, legal briefs, and motions
- M&A due diligence
- Simplify text to the right level of understanding
- Create checklists
- Redline documents
- Edit your writing

Let's try it out!

Let's say you just received the following request from the CEO: Can you come here in 15 minutes and walk me through how insider trading laws work? This is a perfect task for generative AI because you do not need to use

confidential information when creating the prompt, and the law is fairly settled so you don't need to worry too much about nuance in a general overview. Here is my prompt: *Acting like a lawyer set out a basic overview of insider trader laws and regulations in the United States.* And here is just part of the response I got back in seconds:

Insider Trading Laws and Regulations in the United States: An Overview

Definition: Insider trading typically refers to the buying or selling of a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about the security.

Primary Legislation: The primary laws governing insider trading in the U.S. are:

- *The Securities Act of 1933*
- *The Securities Exchange Act of 1934, especially Section 10(b) and Rule 10b-5.*

Material Nonpublic Information: This refers to information that a reasonable investor would consider important in making an investment decision and that hasn't been disclosed to the public.

Who Can Be Liable: Both individuals who trade on insider information and those who provide or "tip" the information to others can be held liable. This includes corporate officers, directors, employees, and even outsiders who may have access to confidential information.

Tipplers and Tippees: A "tipper" is someone who discloses material nonpublic information to another person (a "tippee"). Both can be held liable if the tippee trades on that information.

Misappropriation Theory: This theory holds that a person commits fraud “in connection with” a securities transaction, and thereby violates Section 10(b) and Rule 10b-5, when he misappropriates confidential information for securities trading purposes, in breach of a duty owed to the source of the information.

Is it perfect? No. But is it good enough to allow me to brief the CEO in 15 minutes? Absolutely. And you can ask follow-up questions or turn the above into an email or a presentation.

Ethical dilemmas and AI

Let's cut to the chase: generative AI has no ethics. It's just a machine. [Under the rules of professional responsibility](#), lawyers have many ethical obligations to comply with when using AI. Here are some of the most important under the ABA Model Rules:

- [Rule 1.1](#) – the duty of technical competence for lawyers (all lawyers must stay up to date on technological developments that impact the practice of law).
- [Rule 1.6](#) – the duty of confidentiality (when using generative AI, you must ensure that any client information you enter is not confidential or, if it is, that the tool you are using will protect that confidentiality).
- [Rule 5.3](#) – the duty to supervise non-lawyers (lawyers cannot outsource their work to non-lawyers, like ChatGPT. They must stay involved).

What should I do next?

Lawyers are slow to adopt new technology. We are naturally skeptical and see the problems with something

new vs. the benefits. But ignoring generative AI is not an option. Here is what legal departments need to do next:

- Embrace it. But act with restraint and caution.
- Develop legal department and company policies regarding the use of generative AI.
- Start small with free products and low-risk tasks (understanding the risks) and get your feet wet. Then move to the more powerful paid version. Finally, look for established companies offering generative AI products and use those to truly establish a foundation for [AI use in the legal department](#), e.g., Thomson Reuters.
- Do it as a team, i.e., figure out how best to make generative AI work for everyone in the department.
- Keep data privacy and confidentiality concerns top of mind.
- Learn how to draft prompts that work for in-house legal research and needs.
- [Stay up to date](#). Things are happening fast, and the ground keeps shifting.
- Understand your state's ethical obligations around the use of generative AI.

While not an expert, you should now have a solid understanding of generative AI, [how you can benefit](#) from its use in your legal department, and what steps you should be taking now. It will take a long time for generative AI to live up to all the hype when it comes to legal work, but it will get there. This is truly one of those game-changing moments in history, especially regarding the practice of law. And you have a front-row seat and a part to play.

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