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Executive summary

Like so many other professions, law is becoming increasingly influenced by an overwhelming amount of disparate, fragmented and complex data that can both help and hinder business. Data comes from a wealth of different sources, both internal and external, constantly changing, never still. Keeping control of all that data is one challenge; leveraging it to the greater good much harder.

Despite the huge amount of data in the average law firm, data-driven decision-making is relatively new and uncharted. With the hugely disruptive changes that have occurred in our ways of working over the last two years, the issue of data is now front and centre.

This second edition of *Building the Data-Driven Law* Firm looks at how the use of data has become inextricably linked with the practice of law; how it can be utilized to the good, and the safeguards that must be put in place to mitigate the bad; how Big Data will revolutionize the way lawyers work, and the cases they will work on; and how new uses for data (including blockchain and the Internet of Things) will influence the law firm of the future. Bringing the book bang up to date, new content features how we can keep data secure in the changing world of work, how data can be used for business development and client satisfaction, the implications of data bias and data theft, and whether the way we use data is even useful anymore.

In many firms, data is locked away in information systems that often operate independently from each other. There is great value in those data sets, but law firms often lack the resources, skill, and infrastructure to bring them together under a data strategy that delivers better outcomes for clients. Becoming a data-driven organization is not a single event or even a series of tactical steps. It's more of a mindset or a strategic approach to how a firm handles its data. At Litera, explains David Curle, author of chapter one, this approach is known as "a single source of truth", because its ultimate goal is to ensure that all available data support every decision and that people in the firm can rely on that data as the most current, accurate basis for those decisions. This chapter offers guidance on how

firms can start to derive more value from the data that they already have, in their marketing, planning, billing, matter management, experience management, and pricing and budgeting systems.

In chapter two, Shilpa Bhandarkar and Doug Donahue of Linklaters look at how contracts, and the process of creating and negotiating them, represent the most abundant and valuable form of legal and audit data. However, businesses can rarely access or manipulate this data in its current form – linguistic data buried in MS Word and PDF documents. Through the process of standardization and thoughtful digitization, they argue, lawyers can start to capture structured and machine-readable contractual data that can then be exploited by AI technologies and form the basis for true automation. These "full-stack" lawyers will be able to provide an entirely different experience and level of service to their clients, partnering with them to unlock valuable business intelligence, spot trends, and proactively prevent issues from arising, all underpinned by accurate and current contractual data.

Chapter three then looks to assess the increasing use of data when assessing law firms' approach to talent. Even today, the only datasets used across the industry to track the ultimate success or failure of a lawyer have been recording a combination of billable hours and associated revenues and profits. Increasingly however, HR and leadership figures are considering how to bring the use of data into more areas of talent management and linking this to different targets and indeed compensation structures for fee-earners. There is also a further opportunity, to bring the use of data into external talent strategies with the aim of increasing the success rate of lawyers who are brought into the firm as lateral hires. This chapter by Phil Burdon and Tom Spence of Donoma Advisors explores possible ways in which data can play a role in helping law firms identify, attract, retain, and reward fee earners through an increase in the use of data.

Another transformational use of data in legal is the Blockchain. Chapter four by David Fisher at Integra looks at the ways in which data-driven law firms can use Blockchain to their advantage.

In chapter five, Joanne Frears, solicitor at Lionshead Law, analyses a number of issues pertinent to the use of data today. Using data provides the 'value add' that lawyers increasingly seek to differentiate their practice from another firms. She asks, if a law firm owns that data, what trends and indices can it safely and sagely provide as 'advice' or 'information' to clients?

When client confidentiality remains at the heart of professional practice worldwide, this chapter considers how data can be interrogated and used whilst maintaining secrecy and privilege.

If trust in the legal profession is low, will having access to data help rebuild trust and confidence in the profession or not? Or do the ethical issues of data bias make all big data fundamentally flawed and potentially unethical and thus intrinsically unhelpful for lawyers.

In every industry there are 'outliers' and we pose the question, what if that's the data what your client really needs need? How can lawyers use the minority reports and outliers and provide those to their clients without risk. We touch on data sovereignty and indemnity matters and consider if insurance and indemnities offer adequate protection when data bytes, bite back?

Even before the COVID-19 pandemic broke out, remote work was becoming more and more attractive. On the one hand for the employees, who have added value through more flexible working hours, time and cost savings, and on the other hand for companies, who save on rent, ancillary costs and benefit from more satisfied employees. New circumstances demand new standards – also with regard to data protection and security. Even if employees work remotely, the employer as a data controller has to comply with the requirements of the Data Protection Law, e.g., in the European Union with the General Data Protection Regulation.

Even in the home office, personal data must be protected against unauthorized access, improper destruction, insecure transmission and similar traps that can lead to a data breach. In addition to appropriate technical equipment of the employees with suitable hardware and software and the implementation of adequate technical measures, the implementation of organizational measures, like guidelines and trainings, that inform the employees on the one side and oblige them on the other side, is indispensable.

Chapter six, by Silvia Bauer, Luther Rechtsanwaltsgesellschaft mbH, describes what measures a company must implement to ensure compliance with applicable data protection law, especially the General Data Protection Regulation (GDPR), when employees work remotely. The employer remains the responsible data controller under the GDPR and is liable for misuse of the personal data processed by its employees – even if the employees work from home. Data breaches can not only undermine client confidence in the company but can lead to expensive fines. To ensure compliance includes implementation of organizational measures such as remote working policies and cybersecurity policies. Employees should be trained and aware of the risks. On the other hand, it includes implementation and control of technical measures, such as encryption and access controls, introduction of deletion concepts and processes for the

detection of data breaches. Furthermore, the employer must also provide suitable hardware and software to protect personal data; private devices may not be used under any circumstances. This chapter summarizes how personal data can be adequately protected in the home office.

Chapter seven by Yolanda Cartusciello, PP&C Consulting, examines real case studies and examples of how firms are using data to drive business development strategies and decisions. In the chapter she talks about how to begin the process of collecting and analyzing meaningful data for the benefit of the firm.

Following this, chapter eight, by Mori Kabiri, CEO of InfiniGlobe and an entrepreneur with two decades of designing technology for the legal industry, reviews some of the methods, metrics, and KPIs used by corporate legal departments to evaluate firms' performances. Mori's chapter provides an overview of two decades working with US and EU corporations to analyze law firm ebilling data and how this has helped improve performance.

It is often said that data is the new gold. Even a term like 'data mining' seems to suggest that there are riches that one just has to unearth. Reality, surprisingly, could not be more different. Most data is absolutely useless to serve as a basis for meaningful analysis. Chapter nine, by Jaap Bosman, consultant – partner, explains in easy-to-understand practical terms what standards a usable dataset must meet. Not only does the data need to be clean, it also needs to be complete and unbiased. All this is much harder than it seems and requires considerable efforts and funding. The legal industry came late to the game in terms of the use of data and data analytics. Today there is a cottage industry offering data-related services to the sector. Law firms, struck by data fever and fearing to miss out on essential developments, has jumped on the bandwagon. Unsurprisingly, the number of success stories remains underwhelming. The chapter therefore also highlights the economic aspects of data gathering and analysis. Under what conditions will the investment deliver a return on the investment? In other words: how, if at all, can data make you money?

The 2020s will be defined by data. Global companies and household names such as Apple, Amazon, Meta (Facebook), and Google are all creating and consuming huge volumes of data whilst at the same time turning it into viable business outcomes. Data is being used to drive efficiencies in business and in governments; it is being curated into scientific and artistic discovery, new knowledge and intellectual property; data is being turned into money. The Data Decade is likely to have a profound impact upon the legal world. Questions will abound, answers will be

scarce. Do you need a digital twin to operate within the virtual world? What is a digital twin? Will artificial intelligence replace human expertise? Should the legal profession use AI to enhance customer service, to generate new revenue streams? This final chapter, by Paul Brook, Dell, challenges thinking, leads with examples, and intends to leave you with more questions than answers. But asking the right question is often the best place to start.