

The Lawyer GC Strategy Summit: lawyers risk being left behind in digital revolution, warns UnitedLex chief

By Cristiano Dalla Bona | 21 May 2019



Dan Reed of UnitedLex speaks via videolink to the Summit

Lawyers should consider the evolution of other industries to understand how technology is disrupting the profession, says UnitedLex CEO Dan Reed.

Lawyers should consider the evolution of other industries to understand how technology is disrupting the profession, as the rise of alternative services providers puts the working model of the business in jeopardy.

This was the ultimatum issued by Dan Reed, CEO and founder of legal services provider UnitedLex, at the opening of this year's *The Lawyer* GC Summit held last week in Alicante, Spain. Live from his New York home library, Reed talked with *The Lawyer* editor Catrin Griffiths about how law is finally responding to new technologies made available by a digital revolution that has rippled through a number of different business sectors. In this context, he explained how legal professionals can embrace a new identity as "digital lawyers" to make the most of this new environment without risking to be left behind.

UnitedLex, a company that takes over large scale transformation efforts of legal departments, has recently made headlines as the prototype of the New Law wave. Last year, European private equity firm CVC Capital Partners acquired a majority stake in the alternative legal services provider in what was believed to be the largest investment in the legal market ever at \$500m. The investment came after an 18-month-long stretch in which UnitedLex closed deals reaching \$1.5bn in total contract value.

The move showed the increasing relevance of the alternative legal services providers' business model worldwide, which have shifted from niche to mainstream driven by large investment in technology.

But so far, Reed explained, conversations around technology in law firms have been only theoretical. The word "digital" has a number of connotations, which makes it harder to find applications in real life. There are "talking heads" like Richard Susskind who spend time ruminating about where the profession is going, Reed said, but lawyers still struggle to see this transition as a matter of survival. "It is easy to ask, why should I care?," he said. "There are predictions of trends that never seem to happen, like the death of the billable hour. The whole thing leaves a lot of lawyers jaded."

Ever since his youth, Reed was used to consider innovation from a more practical perspective. He attended the same high school as Jeff Bezos, who would go on to found online retail giant Amazon and throw major retail chains on the brink of collapse, reduced to desert islands of a bygone era.

Since its launch in 2006, UnitedLex's platform has attracted clients that account for over 25 per cent of the Global Fortune 500, providing consulting and resources on technology, contracts and commercial transactions, IP and litigation.

For instance, following the birth of DXC, a tech company

formed in 2016 out of the spin-off of Hewlett Packard's Enterprise Service Business and its merger with two other companies —Computer Sciences Corp and Electronic Data Systems—, UnitedLex helped rebooting the legal function within the new business. Other client work included similar transformation projects at General Electric. "Unlike other management consultancies, we don't disappear after our advice is given," Sylvain Magdinier, vice president of enterprise legal services at Marshall Denning — a vehicle used by UnitedLex when projects require the intervention of an independent firm to meet regulatory needs — said during the conference.

The company's model involves accompanying the client until the end of the transformation process delivery. In some instances, it temporarily absorbed legal departments into its structure to help manage legal services; recently, it started underwriting risks, paying the difference when the transformation has not resulted in cost savings for the client.

With this background, Reed feels he has a much clearer vision of what being a digital lawyer should mean. It involves, he explained, having an approach that reexamines and reimagines the components of providing legal advice, with new capabilities that can add value to the work. That entails diving deep into rethinking each step in the client's purchasing journey. And it goes well beyond artificial intelligence and new software, hot topics that often turn less into strategy targets than easy conversation buzzwords. The shift should involve an invitation to think more deeply and broadly about both the tools across the market and the training of lawyers.

The thing is, for years lawyers could not be bothered to rethink how they did their work. Unlike other industries — consumer goods and procurement giants disrupted by Amazon, for instance —, firms and law departments had been untouched by changes in the wider economy. "In the commercial sector it's much easier to spark something organic

than in law, where there is skepticism about change," Reed explained.

Now, the rise of new competitors such as alternative legal services providers and the legal units of the Big Four accountancy firms is finally moving the needle. But there is still a high degree of resistance. Lawyers are cautious and want to calibrate upsides and downsides when embracing a revolution. In addition, legal departments have rarely been pushed to rethink their processes. "For hundreds of years law has enjoyed an incredible immunity to outside scrutiny," Reed continued. "That's changed dramatically and is happening at a faster rate. It requires to think about how you apply tech, to reinvent and reimagine, because there is so much pressure from the outside looking in."

Although there is no lighting bolt in sight, a new kind of pressure is building up. It is fair to predict that in 10 years time, law will have caught up with the rest of the commercial world, aided by rising investments in processes and supported by technology professionals leading internal innovation teams. But to create lasting effects, law will need to rethink the way it educates its workforce. Reed mentioned how different his training at Big Four firm EY was as opposed to the private practice pedigree experienced at US firm Greenberg Traurig. "The mindset contrasted drastically," he explained, adding that cooperation between technology and new training opportunities can help put law firms and legal departments on the right path.

Even if it has taken longer, long term legal might be able to share more similarities with other industries that embarked on a digital transformation journey way earlier. However, unlike a few years ago, now there is no way back. "That evolution of thought is fundamentally different," Reed concluded. "It is a tectonic event and if we don't apply that to the law we will find ourselves with the short end of the stick. If it's not kept in mind, we will be left behind."