

The Legal Industry and the Perfect Storm

A legal tsunami is changing the legal sector to a point of no-return. Those who fail to acknowledge this will unfortunately see their fates disappear, as did the dinosaurs thousands of years ago. As in the FinTech sector, this is not only a race to disrupt the industry, but also a contest where the disruptor may be disrupted in a never-ending revolution that has only just started.

Lawyers need not be afraid of using technology or of the availability of tools that utilize big data. This will undoubtedly make their jobs more straight forward and assist the discovery and research processes. The legal community must recognize the urgency of adopting these tools for their survival. There is no choice left to the matter, as more and more clients are pushing for transparency, speed, and lower costs.



Rany Sader

Chief Legal Innovation
Officer & Senior Partner
SADER Publishing

The rise, at first, of online legal platforms,¹ which are more than just a repository for the laws, has forced many² to rethink the way in which lawyers and the profession will evolve.

Most players in the legal scene had been until March 2020 enshrined in their traditionalism, antiquated, having little use and reliance on technology to help them and industry leaders conduct their duties.

1

Introduction

*“As DNA is the code of Known life,
so law is the code of human society.”*

Joshua Walker

A colossal change in the legal industry has started. It is a continuum of the major transformations that have been affecting the business world in general.

1. Many leading legal knowledge providers have started transforming their legal publications into databases, such as LexisNexis (<https://www.lexisnexis.com/en-us/gateway.page>), Thomson Reuters Westlaw (<https://legal.thomsonreuters.com/en/westlaw>) and Wolters Kluwer (<https://www.wolterskluwer.com/en>). In the Middle East, the same legal information providers have launched their regional platform. Moreover, many traditional legal publishing houses such as SADER have been building their legal databases since 1999 (www.saderlex.com). In addition, many start-ups are launching new products making legal information widely available digitally.

2. I would refer you to the eminent Professor Richard Susskind and his eye-opening writings on the Future of Law. Professor Richard Susskind OBE is an author, speaker, and independent adviser to major professional firms and to national governments. His main area of expertise is the future of professional services and, in particular, the way in which IT and the Internet are changing the work of lawyers. He has worked in legal technology for over 30 years. He lectures internationally, has written many books, and has advised on numerous government inquiries. For more information, see: <https://www.susskind.com/>

Although lawyers are fed up with hearing “innovate or die”,³ most players in the legal scene had been until March 2020 enshrined in their traditionalism, antiquated, having little use and reliance on technology to help them and industry leaders conduct their duties.

In a recent event, we witnessed a craze on social media following the news on an AI bot that would presumably be capable of defending a human in court⁴ for the first time in history.

I personally have on many occasions predicted that several components when combined would create the perfect storm that would initiate a legal tsunami, thus changing the industry to a point of no-return. Those who fail to acknowledge this will unfortunately see their fates disappear, as did the dinosaurs thousands of years ago. As in the FinTech sector, this is not only a race to disrupt the industry, but also a contest where the disruptor may be disrupted⁵ in a never-ending revolution that has only just started.

2

The Three Pillars of the Legal Tsunami

The components that will create the perfect storm and produce the legal tsunami effect are based on three main pillars:⁶

- 1 - The rise of the Chief Legal Innovation Catalyst.
- 2 - The importance of Legal Big Data.
- 3 - The power of artificial intelligence and robotics.

3. Michele DeStefano, The Law Firm Chief Innovation Officer: Goals, Roles, and Holes (November 11, 2018). University of Miami Legal Studies Research Paper No. 18-39, Available at SSRN: <https://ssrn.com/abstract=3282729> or <http://dx.doi.org/10.2139/ssrn.3282729>

4. https://www.businessinsider.in/tech/news/for-the-first-time-in-history-an-ai-bot-will-reportedly-defend-a-human-incourt/articleshow/96785418.cms?utm_source=social_sticky_amp&utm_medium=social_sharing&utm_campaign=Click_through_social_share : the world's first robot lawyer will run on the defendant's smartphone through an app called “DoNotPay” and listen to court arguments in real time, telling the defendant what to say via earpiece.

5. Paul Keyrouz, *Disrupting the Disruptors: a Primer on Fintech & the Future of Money* (Self-Published book, 2022): “While the Fintech revolution is underway, it is worth remembering that we may only be seeing the tip of the iceberg, as we begin to adopt newer, more optimized ways of using money and carrying out business. Although it may be hard to predict where exactly Fintech will be in the next five or ten years, I can confidently say that it is here and will grow exponentially in the coming years.”

6. Based on my intervention on the Future of Legal Professions Conference held at the Beirut Bar Association in January 2019 in collaboration with LexisNexis.

3

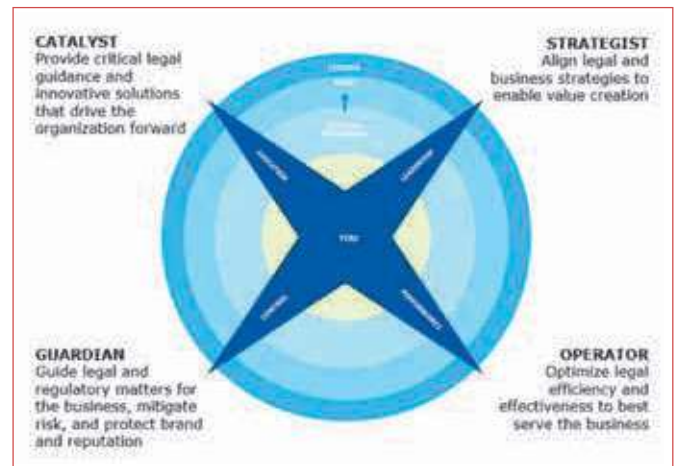
The Rise of the Chief Legal Innovation Catalyst

A Chief Legal Officer (CLO) is usually a gatekeeper of his or her organization. Few roles are as critical to a company.

Lone gone are the days of the General Counsel who simply coordinated with external law firms whenever litigation arose or assisted in contract drafting. Currently, contract drafting⁷ has become one of the least of a CLO's duties, which is generally undertaken by the CLO's legal team.

Practically, without the CLO's continual eye on legal developments and involvement in the strategy of a company, most would be placed at risk for either compliance issues or of the inability to implement new products, business streams or solutions. This would involve great costs to a company, not least a reputational cost and a sustainability cost.

According to a Deloitte report, the role of today's CLO is becoming extremely complex, demanding more than mere legal knowledge and operations expertise. “To be successful, a CLO must master and strike the right balance between “four faces: Strategist, catalyst, guardian, and operator”:⁸



The main challenge of a today's CLO is to be a “Legal Innovation Catalyst”, all while preserving the core and establishing limits to the risks that can be taken in undertaking such innovations

However, the main challenge of a today's CLO is to be a “Legal Innovation Catalyst”, all while preserving the core and establishing limits to the risks that can be taken in undertaking such innovations (such as hidden biases reflecting the data

injected) and thus, striking a balance between their new inceptions and the law, internally and externally.⁹

A CLO should accelerate functional innovation and help implement legal solutions. He or she must quite simply become a “legal engineer”:¹⁰ to start being involved more in applying engineering systems to actual legal work and learn new technical jargon¹¹ that few technology and patent lawyers might have crossed. A CLO must imagine more what should be the best legal ecosystem and how to build its architecture. In brief, CLOs have to be “legal innovators”.

A CLIO¹² should also know what business challenges he or she needs to address through technology, rather than launching into major technology breakthroughs.¹³

A CLIO needs to face a much larger challenge than trying to be a tech nerd: help building a culture in an AI-powered organization

Moreover, a CLIO needs to face a much larger challenge than trying to be a tech nerd: help building a culture¹⁴ in an AI-powered organization,¹⁵ which will be the case of all companies of tomorrow if they do not want to become obsolete in a changing and competitive tech-driven environment. In fact, the CLIO’s legal department and external lawyers will need to adapt quickly to such innovations.

Other than lawyers and legal professionals, we are seeing much more involvement of leaders in the legal space and global providers of professional information and software solutions and services giants to innovate in law.¹⁶

I am also not surprised to read that global non-legal business leaders want to be innovative in the legal sector. Elon Musk made an announcement in May 2022 on Twitter: *“Tesla is building a hardcore litigation department where we directly initiate and execute lawsuits. The team will report directly to me.”*¹⁷

We are witnessing, especially in multinationals, many endeavors lead by innovation catalysts. Such catalysts, who might not come from a legal background or a leadership position, are the ones setting the real grounds for change.

I have always anticipated that the legal industry would be shaken by giants in innovation. We will witness more and more

efforts, trials and partnerships to pierce a market that is still in a trial phase. Nonetheless, this is only the start.

The Legal Innovation Catalysts (officers) have emerged. They are coming. It is a matter of time for them to find the best way to use the big data they are collecting.

The Legal Innovation Catalysts (officers) have emerged. They are coming. It is a matter of time for them to find the best way to use the big data they are collecting.

4

The Importance of Big Legal Data¹⁸

Big data in the legal field is readily available, given the massive amounts of information that a legal service provider, law firm, governmental entity, or any business acquires over the years. We are now realizing the value of this data and how it affects the way we do business or operate.

Legal actors have been reluctant to enter the big data analysis bandwagon, being by nature wary of technology as well as aware of the need to protect client confidentiality.

The world we live in today has changed drastically through the advent of the Internet and developments in information technology. In fact, we are witnessing a cross-industrial change in the delivery of goods and services, and even a change in the goods and services themselves.

Traditionally, a lawyer would be hired because only a lawyer had access to legal doctrine and the skills to interpret it. Before access to legal information was made as freely available, as it is now, it was a hard feat to conduct legal procedures without a lawyer, giving legal professionals a monopoly on the industry.

There has been a shift in the way society thinks about the law, and the technology we use in the operation and distribution of it is developing quickly.

14. Thomas Davenport, “The State of AI in Business”, in *ARTIFICIAL INTELLIGENCE* (Harvard University Press, 2019) at XI: *“Executive view AI as a key disruptive technology, employees fear it is a job destroyer, consultants pitch for it as a cure all, and the media hype and deride it endlessly.”*

15. Brian McCarthy, Tamim Saleh & Time Fountaine “Building the AI Powered Organization: The main challenge isn’t technology. It’s culture”, *Harvard Business review*, July-Aug 2019, Vol. 97, Issue 4, at 65: *“At most businesses that aren’t born digital, traditional mindsets and ways of working run counter to those needed for AI.”*

16. [https://blogs.microsoft.com/ai-for-business/ai-powered-legal-workflows/#:~:text=Microsoft%20and%20Wolters%20Kluwer%20Legal%20%26%20Regulatory%20partner%20to%20explore%20AI%2Ddriven%20legal%20workflows:WoltersKluwerLegal&RegulatoryandMicrosoft'sModernWorkCustomerCo-Innovationteam\(MWCCI\)partneredin2021toexplorepotential solutions to legal productivity challenges.](https://blogs.microsoft.com/ai-for-business/ai-powered-legal-workflows/#:~:text=Microsoft%20and%20Wolters%20Kluwer%20Legal%20%26%20Regulatory%20partner%20to%20explore%20AI%2Ddriven%20legal%20workflows:WoltersKluwerLegal&RegulatoryandMicrosoft'sModernWorkCustomerCo-Innovationteam(MWCCI)partneredin2021toexplorepotential solutions to legal productivity challenges.)

17. <https://electrek.co/2022/05/20/tesla-building-hardcore-litigation-elon-musk/>

18. Based on my article on “The Growing Use of Information Technology in the Deliverance of Legal Services in the Middle East”: <https://www.hg.org/legal-articles/the-growing-use-of-information-technology-in-the-deliverance-of-legal-services-in-the-middle-east-31430>

Times have changed and access to information is now widespread and freely available to the public. This has been coined the Information Era, and as such, there has been a shift in the way society thinks about the law, and the technology we use in the operation and distribution of it is developing quickly.

The future and shape of the legal industry are changing as dramatically as that of information technology. Access to information, for example, has become extremely liberal and far-reaching. The inception of the Internet has meant that we now have access to all sorts of variations of information types “at the click of a button”. Furthermore, governments, court systems, and other public authorities are undertaking initiatives to provide free legal information in an effort to better inform their population. Many governments are making available case decisions, court documents and procedures, electronic versions of legislation and regulations. Take for example the United Arab Emirates Ministry of Justice, which has established a free legal database containing UAE legislation in both Arabic and English.¹⁹

During the pandemic, law firms, in-house lawyers and legal consultants had to adapt to working remotely. Suddenly, access to legal database became crucial to their survival, particularly in the region.

This is where the legal technology providers have a crucial role to play, not only giving their clients access to much needed information, from cases and legislation to agreement forms, but by providing bespoke solutions dedicated to managing the client's required legal resources, internal documentation, contracts, and client management systems.

This is where the legal technology providers have a crucial role to play, not only giving their clients access to much needed information, from cases and legislation to agreement forms, but by providing bespoke solutions dedicated to managing the client's required legal resources, internal documentation, contracts, and client management systems.

Lawyers need not be afraid of using technology or of the availability of tools that utilize big data. This will undoubtedly make their jobs more straightforward and assist the discovery and research processes. Imagine going through more than one million available cases to find the ones relevant to your analysis. This is where big data and artificial intelligence will help seamlessly sort through the relevant ones. The legal community must recognize the urgency of adopting these tools for their survival. There is no choice left to the matter, as more and more clients are pushing for transparency, speed, and lower costs.

19. www.elaws.gov.ae

The ideal situation is to have a single repository for a law firm's public information, client information, and law firm information so that the machine analysis can do its magic

Legal information companies have a crucial role to play in the emergence of big data. We know that data is accessible—particularly laws and cases—often published on government and court websites. However, the ability to search through them requires complex algorithms and cross referencing to other types of data, which public websites may not have. The ideal situation is to have a single repository for a law firm's public information, client information, and law firm information so that the machine analysis can do its magic, without having to worry about confidentiality and data privacy issues.

With advances in machine learning technology and the growth of legal big data acquired by governments, legal information providers and the like, the legal community will be hit by its first big storm.

5

The Power of Artificial Intelligence and the Arrival of Robotics

Big Data and artificial intelligence²⁰ are like two faces of the same coin. One facilitates the existence of the other. They coexist beautifully. In fact, more data leads to better predictions.²¹

We have seen the importance of the data we gather, but if we do not have the required algorithms to generate the answers we want or the research results we want, this data is simply worthless files.

Legal AI and AI Governance should be addressed from the ground up.²²

I personally have always asked myself what AI is and why we jurists should understand it? It is an extremely techy thing that tech experts should deal with. I tried to walk the extra mile to understand more. A few years ago, inspired by one of my childhood friends, I went into this experience of teaching myself much more than the usual “beginner manual on using

20. The term artificial intelligence is not new. It was introduced by a math professor at Dartmouth (USA) named John McCarthy in 1955.

21. Erik Brynjolfsson & Andrew McAfee, “The Business of Artificial Intelligence”, Harvard Business Review on Artificial Intelligence (2019) at 14: “some large systems are trained by using 36 million examples or more.”

22. Joshua Walker, *On Legal AI* (Full Court Press, 2019) an imprint of Fastcase, Inc, at xiii.

AI in the legal profession.” I started reading Mariette Awad and Rahul Khanna’s book²³ on theories, concepts and applications related to Efficient Learning Machines. It was a completely different science that we jurists from a certain generation will have difficulty, although not impossible, to catch.

And AI is only another part of the puzzle, since the robots are coming, and tech giants are assuring us that it is going to be just fine.²⁴

6

It is Still Early but the Tsunami is Coming

The legal industry is not as structured as other industries. It has its own personality, its own culture, and its own restrictions. It cannot be disrupted easily. Automating some courts will not disrupt it. Innovative minds alone will not disrupt it. Compiling information in large databases will not do. Machine learning and AI alone will not disrupt it as well. It is the combination of creative legal catalysts, with big structured legal databases in an advanced robotics ecosystem that will create the perfect storm leading to the largest legal tsunami the industry has noticed.

It is still early, but the revolution is coming!

23. Mariette Awad & Rahul Khanna, *Efficient Learning Machines: Theories, Concepts and Applications for Engineers and System Designers* (Apress Media, 2015).

24. <https://www.arabianbusiness.com/industries/technology/415462-the-robots-are-coming>: in March 2019, Hewlett Packard Enterprise president and CEO Antonio Neri tells Arabian Business the robots are coming and it’s going to be just fine (a cover story by Alicia Buttler).

Tomorrow’s lawyers are coming and they are definitely better-shaped and structured to bring the change we are considering.

As per the eminent Professor Richard Susskind, “As never before, there is an opportunity to be involved in shaping the next generation of legal services. You will find senior lawyers to be of little guidance in this quest.”²⁵ Tomorrow’s lawyers are coming and they are definitely better-shaped and structured to bring the change we are considering.

They should keep on innovating and figuring out what opportunity to tackle next, because even the best robot with the best data and a best AI won’t be as innovative in building our future as us. So good luck!

25. Richard Susskind, *Tomorrow’s Lawyers: An Introduction to your future* (Oxford University Press, 2013) at 164.

BIOGRAPHY

RANY JOSEPH SADER represents the 5th generation of the oldest and most distinguished family-owned Arab Legal Information Provider (SADER Legal) established in 1863. Under his leadership since 1996, SADER Law Research Center (established in 1921) has noticed a revolution in the Arab legal research and legal informatics fields. He has conceived and executed a large number of LegalTech and Rule of Law projects in the region. He has also created several leading legal publications and series in the Region such as SADER Annotated Codes Series in Arabic and English.

Rany Sader is also the co-founding Partner of SADER & Associates (Advocates & Legal Consultants), which is considered the leading IP Law firm in Lebanon. As legal strategist, he has over 24 years of experience in advising Fortune 500 leading international clients in various businesses, as well as SMEs and Start Ups, on intellectual property rights, new technologies, and creative industries laws.

Rany Sader is an active member in several local, Arab and international legal associations, and is often invited to speak around the globe.