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Headline: Will Firms in Asia Keep Up With Legal Tech in a Post-Pandemic World?

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THE COVID-19 pandemic has torn up the rule book on business strategy for legal service providers and law firms around the world, and now more than ever, firms are being forced to embrace technology or risk being left behind.

Arguably, firms have had many years to prepare for this transformation, but as the industry adjusts to the accelerated rate of change, only a small number of firms in Asia have managed to stay ahead of the curve.

Most of these are in Singapore, which now counts about 25 legal tech startups in its ecosystem. Other countries in Asia, including Indonesia, Malaysia, the Philippines and Thailand, can also boast some legal tech startups. But Singapore stands because of the help the government has provided. Nowhere else in Asia has there been a comparable amount of sovereign investment in legal tech and innovation.

The Singapore government has invested heavily in legal tech with the objective of fostering an environment that encourages both domestic and foreign startups to build on their ideas in the city. Last year, the Singapore Ministry of Law, the Law Society of Singapore and other government agencies launched a US\$2.7 million program to help small and medium-sized local firms adopt legal tech.

As a separate initiative, the Singapore Academy of Law launched a legal tech startup accelerator—Global Legal Innovation and Digital Entrepreneurship (GLIDE)—as part of a two-year pilot program called the Future Law Innovation Program (FLIP). Linklaters is a member of FLIP, and the firm advised on the program's concept and development. The Singapore government also gave Singapore Management University US\$1.7 million to fund a research program that develops smart technologies to be used in legal services.

"There is now a real focus on using legal tech to strengthen collaboration, contract management, knowledge management, document automation and flavors in between," said Rama Tiwari, chief digital officer at the Singapore Academy of Law, adding that the COVID-19 pandemic has amplified the importance of tech in the legal industry.

Encouraged by the government support, a handful of domestic and international law firms have launched their own initiatives—most of them focusing on incubator-type programs where they scan the market for legal tech startups, offer to house selected startups within their offices while allowing their proposed tech solution to be tested, sense-checked and finessed by the lawyers. Firms also help the startups with their branding and marketing, all in exchange for a better understanding of what technological solutions are available, and which best suits the needs of their clients.

In 2017, Allen & Overy launched Fuse, a tech innovation space where tech companies can collaborate with the firm's staff to develop and test solutions. The firm's fourth cohort introduced in June this year counts a total of 13 startups under its program. Tim Beech, a Singapore-based partner at Allen & Overy, cites the firm's collaboration with Legatics, an online deal platform that automates and expedites time-consuming steps associated with signing and completing transactions, as a success story for their practice in Singapore.

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Earlier this year, Clifford Chance launched CompareNow, a precision text comparison tool, through Create+65—the firm's legal tech innovation lab in Singapore. CompareNow was co-developed with Alpha Legairech, a Singapore-based startup.

And in 2018, regional firm Rajah & Tann launched Rajah & Tann Technologies to offer tech-enabled legal solutions for clients. Since the onset of the pandemic, the firm has launched a platform for automated digital invoices where clients can sign contracts electronically.

Yet, the majority of Singapore's leading firms have yet to make substantial investments in legal tech. Three out of Singapore's four biggest law firms—Allen & Gledhill, WongPartnership and Drew & Napier—have not announced any major initiatives related to legal tech.

Competing With the Big Four's Legal Tech

Elsewhere in Southeast Asia, firms are now dipping their toes into legal tech. India's largest law firm, Cyril Amarchand Mangaldas, last year launched its own incubator program, Prarambh, welcoming its first cohort of three legal tech startups—JRTC Intern, Leegality and LegalMind. The firm had issued a public challenge and received 50 applications, which were scrutinized by an internal panel of advisers and included an external consultant who advises on legal tech strategies.

The approach was "Shark Tank-like," said Cyril Shroff, the firm's managing partner, as applicants were invited to pitch their legal tech ideas to the panel and the shortlisted applicants presented to the entire partnership. Plans are underway for Cyril Amarchand to launch its second cohort, which will focus on post-COVID-19 solutions.

So far, the focus of the technological solutions centers on legal operation efficiencies—research tools, document management and automation, e-discovery and e-signatures—which puts law firms in fierce competition with the Big Four, which have long touted technological savviness as part of their offering.

Deloitte Legal International launched in Singapore in 2018, only days after PwC announced plans for a local law practice in Singapore after hiring former WongPartnership managing partner Rachel Eng. In the same year, EY announced the launch of Atlas Asia Law Corp., which is led by former Dentons Rodyk senior partner Evelyn Ang. All three outfits offer clients legal tech solutions they say improve processes, cut costs, minimize risks and deliver better services.

Last year, Deloitte launched its own incubator program—Deloitte Legal Ventures—in the U.K., becoming a nonexclusive user of the services and products offered by 14 selected startups. The firm is now looking at rolling the program out in other parts of the world, including in Singapore.

"Law firms that don't have the same resources are naturally going to be in catch-up mode, but I think we already see some genuine law firm competitors in this space," said Rashed Idrees, managing partner at Deloitte Legal International. "Despite us getting a head start ... I think they are catching up."

Still, law firms have remained reluctant to wholeheartedly embrace legal tech for a number of reasons—the billable hour being one. Offering a technological solution as part of a lawyer's practice would require a major switch in mindset—accepting to be paid based on value of product rather than time invested, lawyers say.

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Firms are also struggling with the formulation of a win-win pricing structure that incentivizes innovation—one that allows the firm, the lawyer and the client to reap the benefits of what has been created.

At Allen & Overy, the firm's legal tech products and transactions are all priced differently, and the firm has a wide variety of fee arrangements, Beech said.

"If we use tech in the right way, where we can actually meet clients' demands for pricing, we can price things more inventively and we can do work in a more efficient fashion," he said.

Another challenge ironically is also one created by the pandemic—firms are cash-strapped and simply less willing to make big investments. Legal tech startups are having to contend with a difficult economic backdrop as law firms continue to mull over the dilemma of buying or building, partnering or collaborating.

The hope is that any investment will spawn true innovation. But as it stands, the final goal of embedding tech into every aspect of a deal cycle is still not within grasp, lawyers say.

"I think we are all hoping to eventually see tech solutions that can analyze legal situations and propose alternate solutions," said Shroff. "We are seeing early signs of promise in areas of smaller disputes involving credit cards where fact patterns are relatively simple. Looking forward, I believe in the next 12 to 24 months, we will see some big breakthroughs where legal tech will gradually creep into areas involving human judgment."