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Revolutionizing the Legal Industry: Legal Technology making its Boom in the Tech Space

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The legal industry is not exactly at the forefront of the technology revolution but the narrative is changing as of now. The present phase is embracing new technological solutions. Legal tech companies and the legal industry are presently focusing on providing better software solutions for law firms. This will help law firms to be more efficient in their work and be client-centric. The startups have begun to evolve to provide the best tools to the law firms to deal with services like billing, and pricing, handle projects, and meet the evolving needs of clients. But the lucrative future waits ahead of these legal-tech companies as a major boom is to be seen in them in coming years.

Keywords: *technology, revolution, software, technological solutions.*

INTRODUCTION

The legal industry is undergoing an unprecedented change with the technical revolution as the existing narrative is changing. This time is being regarded as appropriate to bring the legal industry on board. The technological boom has almost impacted every sphere of the world. The aftermath benefits of technology were significantly seen during the lockdown times when the whole world came to a stall but it was the advancements and modern techniques in every

industry that did not let the industries and businesses stop their pace. In this article, we will explore the legal tech industry, its types, the reasons for its growth, the challenges faced by the industry and how to overcome them, and what trends one can watch for it in the future.

WHY LEGAL TECH BOOM?

Legal technology in simpler terms means technologies, applications, and software used by lawyers and attorneys to simplify their work and aid them in their litigation. It involves the use of technology to soothe the work of lawyers and allow clients to access legal support and justice in their own space. The narrative for the legal tech industry is now changing and it is experiencing a boom which is due to the variety of reasons mentioned below¹:

The Huge Market Size: The majority of industries today require heavy touches from lawyers. Every industry including start-ups wants to be at the edge of the other in the competitive world. Nobody wants to be stuck in the key administrative and legal obstacles. It has been estimated that the current market size of \$14 billion which comprises the following categories such as legal tech compliance and contracting shall be replaced by machine learning and cloud computing.²

The Silent explosion of demand for the legal fraternity: The present times demand multiple numbers of regulations and new laws by which society needs to be governed. This 'law thick' world only is growing in complexity, with a resultant increase in demand for legal expertise. What has changed is the outgrowing business needs the legal expertise to be delivered through technology. This is the major reason for the huge demand for lawyers in every field.

Rising legal costs and under-consumption: Over time, legal services have never seen such a boom. This was due to rising legal costs and everybody does not feel the need to have legal assistance but on a broader scale legal assistance is required by every business. The low level of budget allocation to legal research and assistance is the reason for its under-consumption.

¹ Casey Flaherty & Jae Umof, 'Legal Technology: Why the Legal Tech Boom is Just Getting Started' (*Nasdaq*, 11 October 2021) <<https://www.nasdaq.com/articles/legal-technology%3A-why-the-legal-tech-boom-is-just-getting-started-2021-10-11>> accessed 11 February 2023

² *Ibid*

The explosion of legal data: The data explosion will result in complications in standard legal matters. There have been situations where a million copies of data are being dumped by large corporate companies. The increased research in investigation and litigation has added more to this data.

Huge investments by corporates in legal technology: The corporate law departments are expected to triple the legal tech spend by 2025. These companies have already raised as much as \$4.16B in the private equity markets in the previous two years which were almost devoid of unicorns with a considerable amount of activity.³

THE ADOPTION OF TECHNOLOGICAL METHODS IN THE LEGAL INDUSTRY

The idea of legal tech platforms is not a new one. The adaptation of tech-savvy methods by lawyers and law firms is to make their job much easier and time-saving. The foremost question that needs to be answered is why the legal tech industry has seen such a boom in recent years. Multiple businesses and industries during the lockdown were forced to adapt the technology to avoid the risks of being shut down and law firms and solo lawyers were not an exception. The old-fashioned legal industry dealing with pen and pages was forced to adopt tech-driven methods like e-signatures, digital evidence, online payments, and even video conferencing of judicial hearings. This method has impacted the lawyer-client relationship. The clients no longer need to travel to law firms to pay a bill or sign some paperwork. The client's demand for better pricing and transparency doesn't end here. According to the 2020 Legal Trends Report from Clio, 78% of consumers think that lawyers should adopt pricing and/or more affordable payment models.⁴

TYPES OF LEGAL TECHNOLOGY

Legal technology companies can be classified based on the kind of services they provide. Essentially these may include services related to legal pricing, time tracking, practice

³ *Ibid*

⁴ Carissa Tham, 'Highlights from the 2020 Legal Trends Report' (*Clio*, 8 November 2021) <<https://www.clio.com/blog/highlights-from-2020-legal-trends-report/>> accessed 13 February 2023

management, case management, billing and invoice creation, knowledge management, and e-discovery. Disruptive tooling increases efficiency and adds value by changing the way the services are provided to clients. Still, the legal market follows up the 'old school' style due to a lack of an integrated and strategic approach. The solutions that are available with lawyers and law firms include⁵:

1. Entity Management: It includes information about every member of the group including shareholders, directors, and filing guidelines. Since the tool involves inbuilt technology various features such as resolution drafting can be done automatically

2. End-to-End Contract Management: This a special kind of solution that deals with a variety of solutions as such it reduces time and increases work efficiency. It involves the automated design of clauses and sub-clauses of contracts, review, and analysis of the contract, e-signatures, editing, and version control. Perhaps all these solutions reduce the ample amount of workload that lawyers have in their similar drafting documents. The use of automated algorithms helps to design various contracts and templates that are used by lawyers regularly.

3. Matter Management: This tool helps to prepare real-time status reports and documents in one place and tools for ongoing cases, which would all in all result in effective litigation management, efficient tracking of cases, and pricing. It also includes collaboration and workflow management tools. It helps to deal effectively with huge amounts of data smoothly and in a much more organized manner. All in all such tools will help law firms to be more efficient and work under time constraints.

4. Knowledge Management: The majority of litigation is dependent on already decided judicial decisions, precedents, and regulations. The amended laws require that lawyers should remain updated concerning every new legislation. So vast and deep analysis of every judgment and law is required. A lawyer must be proficient enough to tackle such demanding criteria. Since a

⁵ 'What's your problem? Legal Technology' (Deloitte)

<<https://www2.deloitte.com/content/dam/Deloitte/dl/Documents/legal/Legal-Operating-Model-PoV-Legal-Technology.pdf>> accessed 14 February 2023

lawyer can't be equipped with so much knowledge, the availability of tools that involve search and analytics makes their work much easier to do.

5. E-discovery: This tool helps to do the document review, and any analysis of data and helps the lawyers while drafting documents. It helps the lawyers to be due diligent while working. Any judgment or data can be accessed within seconds and more importantly can help the lawyer to save valuable time.

6. Artificial Intelligence: Artificial intelligence is a very hot topic these days. Every field has tried to incorporate AI tools in their respective fields. AI in the legal field helps to create highly standardized documents such as confidentiality agreements, easy access to information, and more interactive contracts. AI technology involves the step by step tasks where the software itself helps to provide the best possible solution and tackle the problem effectively.

7. Cloud: This feature is a solution to in-house storage. A huge amount of litigation files no longer remain in stocks piled up in the cabins of lawyers. This tool enables every data to be stored on the internet and thus removing the need for storage. It enables the applications to be run efficiently on third-party users and do away with in-house storage.

8. Blockchain: Blockchain is a completely new phenomenon. It enables efficient recording of transactions between the parties. This may include the design and automation of contracts, and various panels advising on alternative dispute resolution. It helps to advise on disputes, filings, and digital marketing.

CHALLENGES FACED BY THE LEGAL TECH INDUSTRY

Technology can make a big difference in the way services are delivered. Technology can make a big difference in the way the services are delivered to clients. Well, to an extent there are certain challenges faced by lawyers and law firms. The legal sector still needs a lot more tech innovation and outreach to lawyers. Some of the challenges that can be faced include:

- The need to provide more updated technology solutions to clients remotely.
- Technology demands a more efficient environment to maintain a better work-life balance.

- The satisfaction of clients with their services being transparent, hassle-free, and at a reduced cost.

However, there lies a solution to every challenge. Various software solutions ranging from pricing to project management can handle every challenge that comes the way. The pace of adoption of technology by the legal industry is quite slow compared to other fields. The U.S. and UK legal markets are top-notch fetchers of the adoption of technology. There are many applications of the adoption of technology from across the world. The most recent ones include the concept of Blockchain and Artificial Intelligence. The legal industry is undergoing a development stage where technology adoption still seems far away. The major challenge lies with the industry is more awareness and education among lawyers about how they can adopt it in their day to do work. There is a lot of creativity in legal work that involves the training of lawyers. The next foremost obstacle faced by lawyers or law firms is the number of solutions available at their doorstep. These solutions are nothing more than confusing to them due to the inadequacy of knowledge to implement the software solutions.

The challenges faced by the industry can be overcome by using the concept of cloud computing. Using the cloud-based SaaS provides the best offers for value for money. Perhaps, this may result in data security and privacy issues. Blockchain is a very new and emerging topic in the legal industry that involves the use of technology to create contracts and formulate agreements between two or more parties, for the execution of a judgment in different domains of law. While it is possible to use the technology to form smart contracts and include provisions as to liability, and jurisdiction but in stark contrast to this using this technology allows no room for interpretation because it is completely based on conditions. So there may be a situation where it may be possible to implement blockchain procedure while others may require an off-chain solution. The major key chain challenge while using Blockchain includes data protection. The personal data is recorded in the blockchain and the inability to identify the data controller in such cases is a major risk. The privacy of an individual is breached as there exists no right with the individual to delete or correct the data.

CASE STUDY: TECHNOLOGY AND LITIGATION

Litigation is a comprehensive and tedious process where a lawyer has to deal with large and complex documents every time they deal with certain contracts. Various surveys have been conducted by various organizations where a tech-savvy tool has proven to be much beneficial for lawyers. These tools not only improve the quality of work that is to be done but reduces the time and pressure constraints on lawyers. A lot of research is undergoing to improve this sector. The tools are designed basically for the lawyers and are designed by the lawyers keeping in mind every source they need. The main goal is to focus on simplifying the way lawyers work. For example, various software tools such as FUSE, and ALTEE, help to simplify the workload on them.⁶

So, how does the above-mentioned software such as ALTEE work? Essentially, it is a Microsoft Word plug-in⁷. The software uses a rule-based algorithm and AI technology to scan the document. With the help of inbuilt tools, it picks up the references and definitions inside the contract. It helps to display only the required ones without uploading any kind of information on the cloud server. Thus, the sensitive data of the user is secured and safe.

TRENDS IN SPENDING BY LAW FIRMS ON TECHNOLOGY

In a report published by Thomson Reuters, the pandemic has almost changed the situation for lawyers. It has been observed that about 86% of lawyers who want to work remotely from home at least one day a week have almost doubled post-pandemic. The law firms increased their technology spending by 7.1% during the 12 months through November 2021. The report suggests that remote working does not necessarily result in lower productivity.⁸ The global legal tech market in 2021 alone was valued at a whopping USD 18.4 billion, with in-house legal departments expected to spend up to 12% of their budgets on legal tech by 2025 – up from a

⁶ 'Legal Tech Case Studies' (*Jura*) <<https://jura.ku.dk/legaltechlab/legal-tech-case-studies/case-study-definely/>> accessed 14 February 2023

⁷ *Ibid*

⁸ Caroline Hill, 'TR State of the Market Report 2022' (*Legal Technology*, 11 January 2022) <<https://legaltechnology.com/2022/01/11/tr-state-of-the-market-report-2022-law-firm-spend-on-tech-goes-up-by-over-7/>> accessed 20 February 2023

mere 2.6% in 2017. The pandemic-stuck world has not only seen a boom in legal technology in Europe and US but it has also sparked in the middle-east.⁹

HOW DO LAWYERS USE TECHNOLOGY?

In the digitally modern era, when everyone is adapting technology to keep up with the latest trends, the legal sector is no exception. Nonetheless, lawyers and technology go hand in hand. The most important thing that lawyers and attorneys need to understand is that they need to adapt the technology sooner or later to gain a competitive edge over others. The technology benefits them in one way or another which can be described as follows¹⁰:

1. Automated Operations: Most of the legal duties are executed manually. This results in the wastage of an ample amount of time. The majority of the tasks, nonetheless, are correlated to each other so software such as Legodesk, manages the tasks and operates automatically. This results in the reduction of time management and more efficiency in work.

2. Comfort Research: The use of the internet has completely overtaken the old-fashioned method of research where a lot of time was spent reading books and judgments from law journals. Now everything is available at the click of a mobile. The changing law and ordinances demand that lawyers remain updated so various software for research has been designed to simplify the work of lawyers.

3. Resource Management: The junior lawyers were hired to deal with unusual day-to-day errands that a lawyer has to do. Thus a junior lawyer was not able to do the productive work that he has to do. Legal technology has changed the scenario now. The legal title management and calendaring apps complete all the tasks and consequently result in better results. The other most important utilization of technology lies in reduced errors and hence an increase in the accuracy of documentation.

⁹ 'The Present and Future of Legal Tech Companies - An Overview' (*AltFee*, 9 August 2022) <<https://www.altfeeco.com/resources/legal-tech-companies>> accessed 20 February 2023

¹⁰ 'How do Lawyers use Technology?' (*Lego Desk*) <<https://legodesk.com/blog/legal-practice/how-do-lawyers-use-technology>> accessed 20 February 2023

CONCLUSION

The legal sector is often stated as the old-fashioned field. The pace of adaptability is slow but it is already on its way. The most common complaint that comes across us is the overloaded work of lawyers. Technology has proven to be a boon for this. It helps to focus on more value-added activities and even improves lawyer work /life balance. Legal practice has become more competitive in recent times. The need of the hour is more innovative ways to run a law firm and all this can be achieved by having the right technology to keep up with the digital trends and changes in litigation and the law.