



Where to begin? Digital transformation for law

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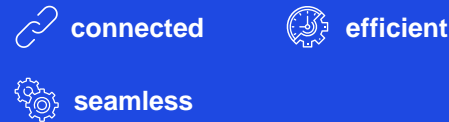


Where to begin? Digital transformation for law ▶

The legal sector stands at the threshold of a transformative era. We have the chance to replace a world of paper and manual labour with advanced technology like new collaboration platforms, generative AI (GenAI), and automation. These are not just exciting tools but catalysts for redefining how legal services operates.

The potential is enormous and the ground especially fertile in the legal sector because traditionally we've been conservative when it comes to embracing technology. But, ironically, being behind the curve means other parts of the business have learned the lessons and ironed out the kinks for us. This gives us a massive opportunity – especially for traditional sectors like disputes, M&A, and real estate – to ditch the paper, say goodbye to disconnection and decentralisation, and hello to a connected world.

As we navigate the complexities and opportunities of digital transformation within the legal sector at KPMG Law, the concept of interoperability becomes important. This is not just a technical term for us; it's the essence of how we envision the future of legal practices to be:



Interoperability, in its simplest form, refers to the ability of different systems, devices, applications, and platforms to communicate and work together in a coordinated manner. In the context of the legal industry's digital transformation, this means creating an ecosystem where collaborative data rooms, GenAI technologies like Large Language Models such as ChatGPT, cloud automation platforms such as Power Automate, and other digital tools can seamlessly integrate and share information.



Bringing transformative tools to the forefront ▶

Clients are under pressure to accomplish more with less. To adapt, they're increasingly adopting secure data rooms, automation tools, and GenAI, all of which are integral to any modern legal practice. Yet, the real challenge lies not in adoption but in integration.

Fragmented use of these technologies often creates barriers, preventing legal functions from tapping into their full potential. The solution is strategic integration and mindful application. By seamlessly weaving these technologies into a cohesive digital framework, we unlock collective power, setting the stage for a legal practice that is efficient, resilient, and future-ready.

01

Data rooms: Data rooms, like HighQ, Sharepoint, The LinkApp, PandaDoc and iDeals, offer a secure way to share and review documents. These tools are invaluable for M&A transactions, legal due diligence, knowledge management and confidential information exchange.

Their strength lies not just in their core capabilities over traditional email exchange (robust security, large file exchange, 24/7 multi-party access, low code configuration) but also in their extensive integrations. Legal functions should seek providers that offer robust integration and analytics options to avoid the pitfalls of a siloed approach.

Greater integration can enhance the flow of information, improving efficiency and decision-making in legal transactions. Analytics can provide value and comfort to clients by providing transparency and control within a sector that has traditionally been viewed as opaque and impermeable.

02

Automation tools: Data rooms have unlocked the door to AI-assisted document analysis and review using cutting-edge tools. Standalone AI tools, including Thought River, known for automated clause extraction and risk rating; Kira, specialised in clause-

extraction and analysis; and Luminance, excelling in automatic clause and document compliance along with anomaly detection, offer significant benefits in the legal sector. However, the true value of these tools is realised when they are harmoniously integrated with other systems like data rooms.

For instance, AI-driven analysis of complex contracts, when combined with the collaborative and secure environment of a data room, can significantly streamline the legal process. It's crucial for legal functions to think end-to-end, ensuring that the output from one tool seamlessly feeds into another, enhancing the overall workflow and unlocking substantial value.



Bringing transformative tools to the forefront (cont.) ▶

03

Generative AI: Automation, in turn, has unlocked the next door to GenAI technologies such as Large Language Models. These include OpenAI's GPT 4, Google's Bard and Gemini, and Meta's AI LLAMA, which can help automate complex legal processes such as due diligence, contract remediation and legislative review.

Their effective use in the legal function, however, depends on how well they are integrated into the existing technological ecosystem. For example, the ability of these AI tools to analyse and process large volumes of data can be maximised when their outputs are directly integrated into auditable data management systems and cloud automation tools such as Power Automate. This integration not only streamlines processes but also ensures that the AI's analytical capabilities can directly contribute to, and enhance, ongoing legal compliance needs, legal transactions, and client services within the same data room environment.

Consider a real-world application that demonstrates the transformative power of GenAI in our operations for a major corporate client. In a conventional 90-minute legislative review, a paralegal might meticulously examine 30 provisions, dedicating approximately three minutes to each analysis. By employing GenAI automation, this process can be expedited, reducing the review time dramatically by as much as 98% - from 90 minutes to just about two. When we harness tools like Power Automate, not only do we expedite the review process, but we also create outputs that are reusable, triggering subsequent business processes such as contract signings with DocuSign during legal contract remediation exercises.

Moreover, the aspect of auditability becomes a cornerstone for advanced risk management by adding a layer of explainability to AI-generated outputs, which may be relied upon later.

This feature is indispensable given the inherently stochastic nature of AI models and their outputs, ensuring an approach that not only champions efficiency but also stands on a foundation of reliability and trust.

98%

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Strategically embracing technological synergy ▶

At KPMG Law, our legal technologists champion the adoption of a holistic strategy towards technology within our firm, focusing on the synergy between diverse tools.

This strategy involves:

Selecting integrated solutions:

- Selecting technology solutions that offer strong integration capabilities to ensure seamless interplay between different systems.

Comprehensive process design:

- Thinking through the entire legal process from initial data input to final output, ensuring that each technological tool adds value at every step. Similarly, with GenAI adoption the key to successful integration will lie in a structured approach: starting with a thorough assessment, progressing through a pilot phase, and moving on to development, before ensuring comprehensive adoption and maintenance.

Maximising AI synergies:

- Leveraging the power of AI in a way that directly feeds into and enhances other tools and processes.

By strategically integrating these technologies the legal function can not only avoid inefficiencies and common pitfalls but also create a more cohesive, responsive, and effective legal practice.



Challenges and solutions in technology adoption ▶

Adopting new technologies like data room collaboration systems and cloud automation platforms brings its share of challenges, particularly around data security and the adaptation of our firm culture.

Working closely with risk and security teams is vital to align technology strategies with both the firm's and the clients' risk appetites. Engaging teams early in the technology adoption process helps preempt issues and ensures a smooth transition, making sure new integrations enhance our workflows instead of disrupting them.

Common pitfalls include:

01 Overreliance on "Plug-and-Play" AI solutions:

- It's crucial to deeply understand contemplated GenAI solutions as they are inherently complex and unpredictable.
- This understanding helps in mitigating the risk of inconsistent outcomes from identical inputs across different models or versions.

02 Underestimating the effort required:

- The effort required for AI application maintenance should not be underestimated. This includes conducting regular reviews to adjust to latest updates, use cases, and

research findings to ensure sustained quality. These reviews may include assessing the outcomes of regular testing schedules against baseline data to evaluate differences in model performance against new releases, or the creation of measures designed to leverage the findings of new research findings and reviewing their efficacy. Such as, for example, [the research backed link between AI output quality and seasonality](#).

- Adhering to legal and ethical standards, particularly regarding the final storage and handling of AI generated client data, will also remain an important part of ongoing maintenance efforts. This is especially true in accounting for key regulations within GDPR (General Data Protection Regulation) around the processing of personally identifiable information or SRA (Solicitors Regulation Authority) requirements on client data storage.

- In support of maintenance efforts, the UK government has recently introduced two pioneering resources aimed at guiding developers, testers, and maintainers of AI-enhanced solutions. These resources provide valuable insights and best practices for upholding data protection and ethical standards in the rapidly evolving landscape of AI technology:

Introduction to AI assurance: [Click here](#)
Introducing the guidelines for secure AI: [Click here](#)

03 Establishing a feedback loop:

- Implementing a continuous feedback mechanism is essential for revisiting and realigning your technological initiatives with the latest findings and research. This approach enhances interoperability and leverages the synergies with existing systems, significantly boosting your technological efficacy.



Conclusion

As we enter a new era, the role of technology in the legal sector is evolving rapidly. At KPMG Law, we are harnessing data rooms, cloud automation, and GenAI to redefine how we deliver legal services. This transformation demands a strategic approach to technology integration and risk management. For legal functions ready to embrace this digital future, the path forward involves:

01

Evaluating your technology stack to identify integration opportunities that boost efficiency and synergy.

02

Fostering collaboration between legal, IT, and data security teams to ensure a unified approach to adopting recent technologies.

03

Exploring technology providers that prioritise integration, enhancing the value of legal transactions.

04

Initiating pilot projects to test these technologies in real scenarios, assessing their impact on efficiency and client satisfaction.

05

Staying informed about the latest legal technology advancements to maintain a competitive edge.

Adopting these steps is essential for any legal function aiming to navigate the complexities of digital transformation and position itself as a leader in delivering efficient, innovative, and valuable legal services. Let's lead the charge together.





James Thomas

Global head of Legal Technology &
CTO of KPMG UK Law

KPMG in the UK

E: james.thomas2@kpmg.co.uk



Geoffrey Banzi

Global Legal Technology & Solutions

KPMG in the UK

E: geoffrey.banzi@kpmg.co.uk

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