



Macrotrends driving the future of the legal function

Future of Legal podcast episode featuring: Alistair Griffin, Head of Legal Technology, KPMG Law based in Australia and Jeff Ikejiri, Legal Operations Transformation Services Partner with KPMG in the US.

Musical intro

Host:

Hello and welcome to the Future of Legal, the podcast series for Legal Leaders. In today's episode, I'll be chatting with Alistair Griffin, Head of Legal Technology, KPMG Law based in Australia and Jeff Ikejiri, Legal Operations Transformation Services Partner with KPMG in the US. We'll be discussing some of the macrotrends in the market and the pressures that legal functions are facing that are driving the need to transform, and specifically through the use of technological solutions.

Alistair and Jeff, thank you for joining me today.

Alistair:

Thanks for having me.

Jeff:

It's great to be here.

Host:

To start us off, perhaps you can each tell our listeners a little bit about your role and your background, and how your career brought you to the legal tech space. Alistair, can I start with you.

Alistair :

So, I joined the firm in Australia about three years ago to lead our legal technology service line where we're supporting clients in their legal technology transformation, but also building our own legal technology solutions to present it a

different and digital way in presenting legal services. I've worked in startups for around 10 years, specifically in the legal tech space, in product and software technology roles mainly. So, I bring a lean startup, scrappy, and product focused view to consulting and legal technology.

Host:

And what about you, Jeff? Can you share with us how you came to work in this space?

Jeff:

I'm a principal in the US firm focusing on our US legal operations transformation services practice. With that I should make the disclaimer that KPMG US does not engage in the practice of law. That being said, I started my legal career as a litigator, focusing on defending Fortune 50 companies. About seven years after that I moved into the consulting space. And at that time in the United States legal operations really wasn't even a thing. But I was very fortunate to have a front row seat to the evolution and maturity of what is now known in the industry as legal operations. So, really helping clients with people, process, technology and data. Unlike Alistair, I've never worked at a technology company. Rather the approach that I bring and the view that I bring started from the people on the process side of the house. Naturally as the legal technology industry has significantly expanded, and especially in the last three to five years, there's become a heavy focus on technology in the legal space. And so, I've had the great pleasure of working with folks like Alistair to bring our blended skills together to help solve client problems

Host:

Thanks Jeff, what are some of the challenges that you're seeing general counsel and legal teams face today in their current roles? Alistair, shall we start with you?

Alistair:

Many of the challenges that we see general counsel and legal functions face is really around the lack of access of data within their legal function. And now part of this comes from a lack of adoption of legal technology. But really it also stems from the fact that data within a legal function is often hidden. It's hard to access. It's in contracts. It's in advices. And so, how can a legal function therefore make decisions day to day on managing their function? How can they make better data driven decisions on what they should be investing in? And equally building that business case for change. We know that C-suite are expecting data when it comes to business cases. And so, if that's lacking how do you even get there? And finally, demonstrating the value that legal bring to the business. That's really hard without data or metrics. And so, it's that holistic view of data and understanding what your legal function is doing to enable you to identify problems and then target solutions based on those problems rather than jumping to the shiny toy that a vendor is pitching to you.

Host:

And Jeff, would you add anything?

Jeff:

I think another big challenge that general counsels and legal teams are facing right now is how to right size the work that they're performing for the company. By that I mean are there senior attorneys focusing on work that could be pushed down to lower level, lower cost resources. Is there work that should actually be outsourced? And if so, should it be sent to a law firm? Should it be sent to an alternative legal service provider? Should there be a managed service created for that? Should there be a shared service center created within the company? And so really looking at who's doing the work, how they're doing the work, all starts with, as Alistair mentioned, understanding the data to understand your baseline and foundation. But that's one of the biggest challenges that I've seen, especially with the Great Resignation and with the pandemic is

making sure that you have the right resources in place to accomplish the goals and objectives of the business.

Host:

Alistair, Jeff, thanks for the insight; which is a good segue to my next question. There's no question legal functions are under a lot of pressure. What is the impact of these challenges on their roles and their respective organizations? Jeff, do you want to take this one first?

Jeff:

I think law departments need to really take a hard look at the skills that their attorneys and legal professionals within the law department have. I think there is a significant emphasis now on upskilling attorneys so that not only do they have the deep subject matter expertise around the legal issues and substantive law but actually have a lot of those business acumen skills that often times lawyers are severely lacking, whether that's communication, soft skills, the ability to use technology, being able to leverage data, make inferences from those to make more informed decisions. Quite frankly, the way the rest of the business has been doing it for over two decades now. And all of this goes back to, how can the law department better align with the business that they're serving.

Alistair:

That's exactly right. And I think adding to that really what we're seeing legal functions struggle with now is presenting an interesting and modern working environment that the legal professionals of today and tomorrow actually want to work in. Many lawyers don't want to be working in the same ways that they have been for the last 400 years. And so, there's a lot of prestige now around innovation and going on that transformation journey. And overall, it sort of speaks to a shifting culture within legal functions where teams don't want to be operating in the way they always have. Now, lawyers are very hard working. And they're very compassionate and they're very driven to serve their businesses.

And they offer a white glove service a lot of the time. But that often means that if they're delivering that and adding administration and organizational work on top of that, not getting fulsome instructions, having to search for documents, not knowing where contracts lie, adding to all of that they end up working longer hours than many other professions. And so that's really not going to work or be a sustainable long term when people have other opportunities available to them. They want to work hard, but lawyers want to work hard on the things that they are good at and are skilled at and are challenging to them. And managing the lifecycle of a matter is an administrative activity and not something that you should be having your highly skilled, highly intelligent lawyers working on.

Host:

And I suppose this is really driving a need to transform the legal function.

Jeff:

Well, I think a big driver for this is actually the need to or the desire I should say to work smarter, not necessarily harder, right? And there's a number of different levers that law departments are able to pull on to effectuate that. One obviously being technology enablers, so, having the technology, as Alistair had mentioned, to reduce the administrative burden on a lot of the tasks that the lawyers traditionally have done. Another is going to be looking at how to improve the processes, So, technology is great, but you have to have a well thought out process built around those technologies to ensure that you actually find the efficiencies and value creation by utilizing those technologies.

Host:

Alistair, do you have anything to add?

Alistair:

I suppose one of the fundamental challenges that business people see, and the Western society sees with legal is that barrier to entry to legal advice. And that's built into the way contracts are written, in legalese. You almost need an interpreter in the form of a lawyer to be able to articulate what certain clauses mean. And I think there's a real push now from businesses and business leaders to change the way in which they access legal services. There's certainly low hanging fruit there with regards to contract automation for nondisclosure agreements or confidentiality agreements for example that really enable the business to operate faster and quicker.

And so, the real drive is coming from business organizations saying we need to operate at a different speed than we have in the past and that if legal are slowing us down in some way that needs to shift.

But at the same time, we've seen for a number of years a real budgetary pushdown or squeeze when it comes to external spend. And so, legal functions need to start thinking differently around the way they deliver legal services. Because they aren't able to access additional capacity in the same way that they might have in the past. Yet, the business is expecting more and more of them in a more streamlined fashion every day.

Host:

Thanks Alistair. So, what are some of the approaches that are working well for the clients that you work with each day?

Alistair:

Really what we encourage our clients to look at is to take a step back and not jump to solutions. There are lots of fantastic solutions out there in the market, whether it's consulting services to reshape some of your processes or technology vendors to solve point solutions or a sort of holistic approach to enterprise legal management. But really most functions need to be taking a step back and looking at their target operating model and conducting a diagnostic of what is working well and how do those various elements fit together. It's all well and good jumping to a technology solution. But if you've got a cultural issue within your team you might need to focus more on change management. Equally automating a broken process only emphasizes that broken process. When we look at this, there are six pillars that we look at in a target operating model. And each of them is really important. But they're also highly interconnected. And so, when we're looking at technology, we're also looking at service delivery and processes and the data that links back to that. But we're also looking at the strategy and the people in the legal function to understand are they ready to go on this journey with you, and if not, what do you need to be looking at early on or adapting your process or your transformation journey to take them on that journey.

Host: Jeff, anything to add?

Jeff: Yes. To build upon what Alistair mentioned, I think it's absolutely right that you have to start with the problem instead of the solution. He talked about shiny objects.

And I've seen too many clients in the past just go for that shiny object, buy something off the shelf, spend \$1 million in one year trying to implement something that ends up not being used by anyone. Rather, if you had an hour of time -- I think Einstein said it. You should spend 55 minutes identifying what the problem is and five minutes to actually solve that problem. And I couldn't agree more. And so, when our clients are taking an approach what we find to be very successful is really identifying what that problem is. And when it comes to technology, we're seeing more and more clients actually look inward versus outward. And what I mean by that is they're taking stock of what the rest of the enterprise is already using, what technologies already exist at the company that may be able to be leveraged by the law department. Now, this does a number of things. It helps reduce cost. It helps reduce time to implementation but it also helps the law department continuously better align with the business because they're using tools and technologies that the rest of the enterprise already uses. Another thing law departments have been doing and taking an approach at that's been successful is really making sure that they can have their lawyers and legal professionals continue to work within the systems and technologies they already use. And the more and more law departments that can drive their attorneys to continue to use those yet have backend technologies in place, we see more adoption and better results as part of that.

Alistair:

Yeah. It's interesting we've seen I think maybe seven or eight years ago when legal technology really came into the market in a big way the enterprise solutions that you're talking about didn't offer a level of integration with their own solutions that could be adaptable or configured for a function, a legal function, a finance function. And we're really seeing a change in that now where Microsoft in particular with the Power Platform and Dynamics is really opening up a whole world of new ways to connect Word with Forms, with Dynamics, with Outlook. And so, you can -- So there are far more possibilities to reuse enterprise solutions that simply weren't there five or ten years ago.

Host:

You mentioned clients should be looking at understanding their problems first before jumping to solutions. What do you recommend?

Alistair:

So, when we're looking to do an early-stage maturity or target operating model diagnostic with clients I think we want to be working in a modern, digitally focused way. Our clients are expecting this now. And there are lots of benefits from that.

The old approach of sending in 20 consultants and interviewing 100 people and then writing down a lot of unstructured notes on paper to then put together a pretty looking report is slow. It's disruptive to the business, and it's quite often not good value for money. And so, what we prefer to do is look at a more hybrid approach where we can leverage the scalability of digital solutions, surveys, activity estimators, to gather a lot of really structured data from across the organization. And we can also leverage the power of technology to interact with people in their native language. And so, I have to say it's fantastic for what we do because I don't have to learn Japanese on the weekend yet I can still work with organizations with colleagues around the world. And then so it's taking that data driven approach, that structured approach, applying a lot of automated analysis and data visualizations and then overlaying that a more concierge service where we can deep dive into the issues that the data tells us to look into. And so, if we're running a solution like this with a client, we can start identifying contrarians within a team and going to talk to those so we can be very targeted with the people we speak to and we get richer conversations. Because I can go to someone within an organization and say it's really interesting you say something different than 80 percent of your colleagues when it comes to functional processes for example. And that's the difference I think KPMG is bringing because it's a better approach, in my opinion, but it's also faster. We're able to deliver engagements now in five to six weeks where previously they'd be taking three or four months in a far less disruptive way to an organization and with data driven outcomes that enable them to build the case for change, and that's part of the reason we've developed the legal function assessment suite. It enables us to engage with clients in a rapid and data driven way that gives them not only the real deep understanding of how their legal function is operating but also how it's perceived by the business, and it enables them with the business case and the return on investment that they need to go and ask for additional funds for a transformation, or a technology implementation, or additional resourcing.

Host:

So, Jeff and Alistair to conclude this podcast, is there a final piece of advice you'd have for organizations that are looking to transform their functions through the use of technology?

Jeff:

One piece of advice that I would give to law departments is make sure you're focusing on the people. People will make or break the initiative, the transformation, and the change. You need to understand the personas that you're dealing with, understanding what's going to drive them to actually adopt the use of technology or the use of a new process. By doing so you're helping really create a mind shift culturally as to the way in which the law department is going to deliver legal services. And at the end of the day, that is going to drive more user adoption and impact, not only to the legal department, but really to the business and the clients that they're serving within the rest of the organization.

Alistair:

I completely agree, Jeff. You want to be looking broadly across your organization and finding champions within the business that can be advocates for you when you're implementing this change. Change management within legal teams is difficult but within broader, larger organizations it can be very challenging. So, again, coming back to data, when I think about this, you want to be knowing what does success look like. How do you know that you've been successful in your transformation? And there are some obvious metrics there around user adoption, or reduced debt allays or turnaround times on pieces of work. But think about attrition within your team. Think about people leaving, people joining. Look at employee satisfaction within your function. There are lots of different ways in which you can be measuring the success and/or failure of your transformation. And you need to be doing this before, during, and subsequently.

And so, you can look, and you can pivot. If something's not working or you notice that a particular area of the organization or your team doesn't have the uptake or adoption that you were hoping for, you need to be able to adapt to that in real time to make sure everyone's going on the journey together.

Host:

Alistair, that's great. And, I'd like to thank you and Jeff for taking the time to join me today, you've given our listeners a lot to think about.

Alistair:

Thanks. It's been great having this conversation.

Jeff:

Thanks so much. Love speaking with you, Alistair. I should remind everyone that KPMG, LLP, the US member firm does not provide legal services.

Host:

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