

Briefing

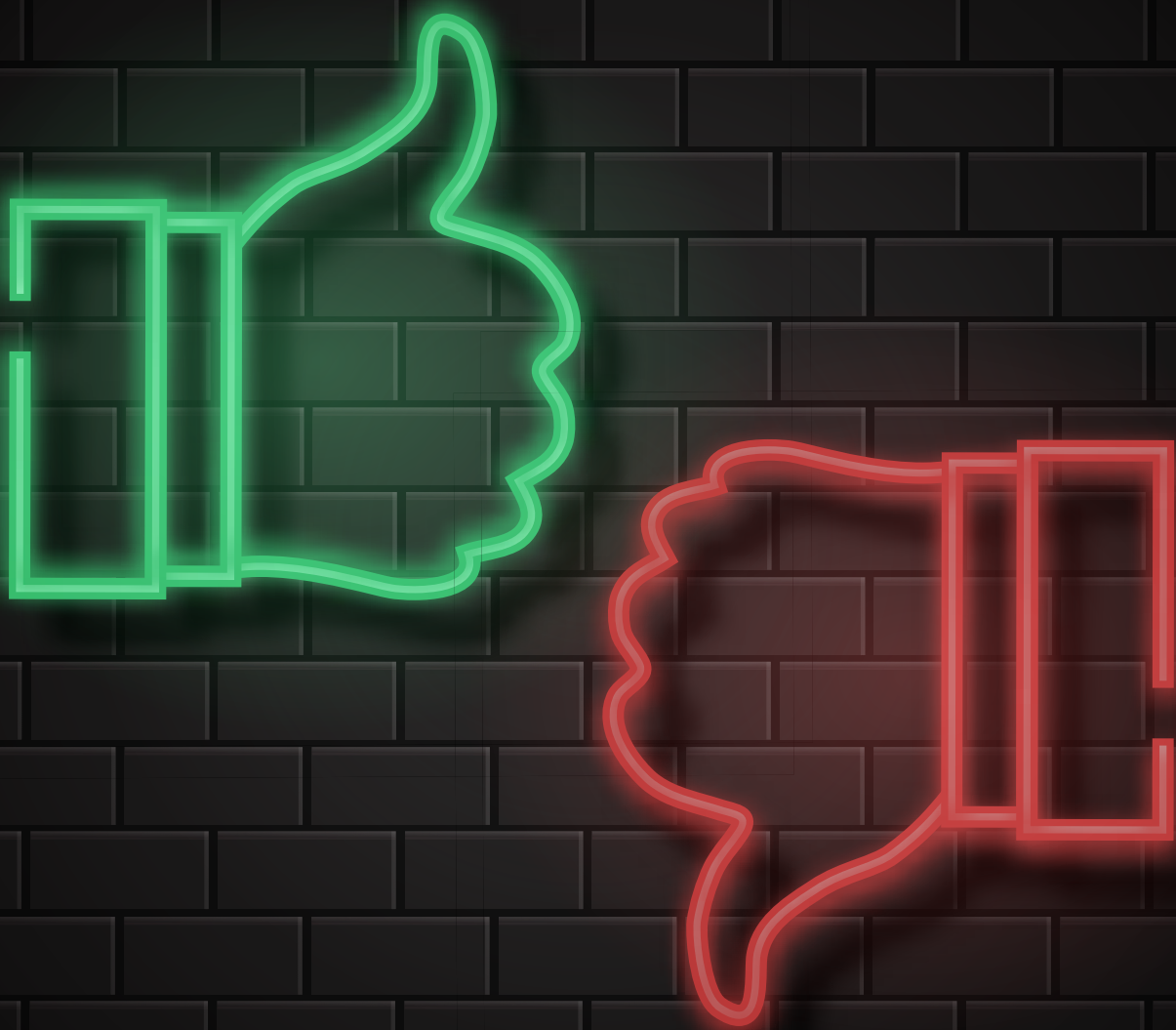
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SMARTER LEGAL BUSINESS MANAGEMENT

WARE CHANGE
Jessica Burston at Royds Withy King
on her transformation journey

GROW FIGURE
Mills & Reeve on managing greater growth
and boosting practice management

NET EFFECTS
The knowledge team at Osborne Clarke
on internationalising their intranet



In-house special

*Many law firms want to be considered innovative.
But what do their clients think of that?*

Clause for thought

Horia Selegean, head of revenue and margin assurance at BT, tells **Briefing** the machine-learning capability of iManage RAVN is helping build a smarter business in more ways than one

We regularly hear that law firms are adjusting their strategies to offer clients more efficient and higher-value legal services. But it's worth remembering that many of those organisations are under the same pressure to improve the experience of their own client base.

Horia Selegean, head of revenue and margin assurance at BT, says: "As consumer behaviours and preferences change, that puts pressure on multiple service providers, which in turn puts pressure on us.

"The customer needs our technology to support and connect them wherever they go, and that has ripples throughout every aspect of our delivery. As the wider ecosystem changes, we have to change with it, and even anticipate where the market will go next."

At the same time, employees need empowering to deliver such digital transformation in the most agile and innovative way possible. Part of the

response is to become "super-efficient internally," he says. "We need to cut down on areas that add less value, and take steps to standardise process wherever possible."

Contract points

One of these areas is contract risk management. Several years ago, BT introduced the artificial intelligence platform iManage RAVN to streamline, store and retrieve information that could pose financial or reputational risk.

Selegean says his own team is "the second line of defence" in this regard. "We need to examine contracts for riskier areas that would constitute higher concern, and test those concerns against business data. The more risk points we can check, of course the less residual risk remains in the business.

"iManage RAVN allows us to automate some of that risk detection. If we identify a key risk hotspot, we can create extraction criteria. The machine will

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store that learning and identify similar risk points when they appear in contracts that come through in future. And as well as making us highly efficient, it ensures that useful knowledge isn't lost with any human attrition. Everything is fully auditable."

As well as clauses, the process can pick out anniversary events that are due, and in both cases the data is directed to revenue assurance, legal, commercial management or finance teams to take specific actions.

"Customer-facing unit teams receive high-quality data on time, which will enable them to perform business validation processes in the most efficient, AI-enabled, automated way."

The tool can also potentially push a particular contract further on an automation journey, he says. "If certain factors are co-existing, you can be more confident that automation can be applied to a decision with the now structured data. We can automate a lot of our decision-making in a controllable way."

Improving behaviour

Selegan's team of financial analysts is effectively a customer of the insight generated, he says. It's the legal department that's responsible for training the system in what constitutes the correct risk threshold.

"The legal team builds trust in the integrity of extraction, because they know the true meaning of a clause, and how it may translate in terms of business impact. But they also benefit from the automation, becoming more efficient at control and governance over time."

Those benefits then flow down the chain. "The dataset used to train the algorithm is just as important as the algorithm itself," he says.

"The more you understand what you're putting into the machine, the better the expectations you set for everyone in the organisation. We now spend a lot of time understanding how the machine learning component really works, the algorithm's limitations, and the implications of that for human business process." Far from replacing his lawyer

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colleagues – or anybody else in this value chain – the aim is to "meet the machine in the middle," he says.

Now BT is working with iManage to produce not just accurate risk data, but also points of recommendation – such as for stubborn 'grey areas' in the risk pool. "If we can't determine which way a clause should go, perhaps we can improve the document's language or structure," he explains. "What are the mandatory things to put in place to make it more machine-readable? We can change human behaviours too, and it becomes a process of continuous improvement, where we feed findings back to business teams at all levels."

Of course, efficiency comes with an immediate cost saving as well as improved risk management in the long run. "We moved from a proof of concept on 200 contracts to a pilot of more complex varieties, and today we have every single contract used globally loaded up." That's 100 document types, and thousands of obligations in each one – involving 186 countries, and in 10 languages. Total contracts managed for and by BT are in the thousands.

"The return on that investment is certainly in the millions," says Selegan. "We'd also compared the software with others in the market – of whom there were few at that time – and found it a much more flexible option, so better suited to our needs."

After all, the machines' and their teams' work will need to keep changing as the wider business and its customers do – and it doesn't sound like BT will be pausing on that journey any time soon. ▴