

Ron Friedmann Part 1

Lawyers on Fire: I am sitting here with Ron Friedmann today. Welcome to Lawyers on Fire, our podcast on innovation, passion and purpose. I am very happy that Ron joined us from the States, as he is in Germany for a private occasion this week. I am very happy to have him here. Ron, may I briefly introduce you? There is so much about him. It is hard to cover everything. Ron is currently working as a Senior Consultant at Fireman and Company in the States. He is founder of the Law Practice Technology Roundtable. He is a frequent speaker at legal technology and law practice management conferences. That is also where I actually first saw him. He is a highly regarded Blogger. In his Blog, Prism Legal, he comments on strategic legal technology providing thought leadership, I think, for more than ten years.

Ron: Yes. I started my blog in 2003.

Lawyers on Fire: Is there anything important that I left out?

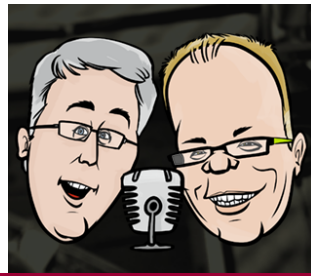
Ron: No.

Lawyers on Fire: Ron, just to jump right into the mood of things, why are you fascinated with legal innovation? Have you had any kind of personal inspiration, any kind of personal moment of enlightenment?

Ron: I am a law school graduate and when I was in law school I did not know how to practice. After law school I went to work with Bain & Company, which was one of the top three management consulting firms which I did for three years. Then somehow by chance I ended up working in what today you would call practice support for the law firm. And I very quickly learned about large law firm management. This is in the United States of course. I saw, to me coming from industry and consulting, how inefficient law firms were then, and how much opportunity for improvement there was. And so really from day one my goal in my practice was primarily at the time focused on technology; what are the ways that we can make lawyers more efficient. And that often requires innovation. Some of it is just some very simple steps, and some of it requires more creative thinking than inventing.

Lawyers on Fire: Is there any personal pain point when you discovered this; when you actually were in practice as a lawyer when you hit into such an inefficiency?

Ron: Not really because I only practiced as a summer associate in the United States during the summers of law school; and frankly, during that time, you would not have to work so hard (that



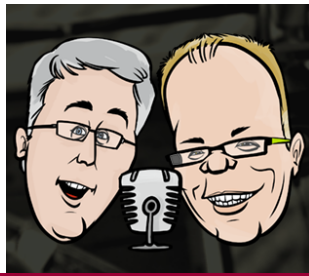
was back in the 1980s). I joined the firm that was very forward thinking; and as an example for lawyers, this was an era of discovery where lawyers were faced with tens of hundreds of boxes of papers. Today it is tens of GB of data, but some problems are really similar; and lawyers and teams of other professionals capture that information and make sense of it. Prior to recent technology, it was obviously inefficient with huge boxes of paper and poor indexing and paper being lost; and that was an area of litigation and then in area of transactions you would see lawyers constantly reinventing the same documents.

Lawyers on Fire: What do you think are the most important developments in the last two years you have witnessed?

Ron: Well, in some ways so much has changed and in other ways so little has changed. What I would say is, in the last two years on the business of law what we have seen is a general recognition in the market by the client. When I talk about the legal market, I am really referring to the corporate legal market. I am not so much in touch with the consumer legal market. So in the United States and the United Kingdom and many countries that follow more closely than the European market, the clients and the law firms have understood that we are not going back to a time where rates go up every year, where you can put as many lawyers as you want to on a legal matter and bill endlessly; so there has been this drive for value on one hand. On the other hand and if you rate it of course the other big development is there has been this incredible blossoming of an ecosystem to support the work that the lawyers do. Some of that is technology, some of that is alternatives to traditional law firms. In the United States, there is a big business, multi-million business of electronic discovery and document review; and in 2013, there is I believe \$500 Million investment in legal technology. So, on one hand you have the providers and the clients saying that we need more value, and then we have other companies coming in to provide that through process and technology and innovative business models. Where this is going to end up, we don't know yet.

Lawyers on Fire: Are there any companies you find particularly inspiring?

Ron: Well, that is always a difficult question in an interview. The challenge with that is that I feel that I am going to miss out on some, but I will give you examples of some of the companies that I think are very interesting. One company that has been around for a sometime and is gaining traction is a company called 'Neota Logic'. So Neota Logic is a company that provides a way - it's an expert system for lawyers to capture their experience in software to provide an interactive online system to answer questions, and that is really a way of enhancing and in some instances substituting for lawyers; and so they have done well as an example. There was an



announcement, I think in the last three weeks, of a joint venture between Neota Logic and a US-based law firm which is primarily on labor and employment law. So that is one example. I think of another one in the US, I have always been impressed with another one called Fastcase which was ten or twelve years ago started out competing with Lexus and West Law for online legal research; and they have really hung in there, grown and are now a viable competitor. Lower end of the market, more recently there has been tremendous amount of press in the US around a company called Lexmacina which does a lot of interesting patent analytics. So there are a quite a few examples of technology based companies that have potential to change the way lawyers practice.

Lawyers on Fire: To what extent do you believe computer technology will actually replace lawyers. You mention the Watson Conference, you have elaborated about it in your Blog; but at the same time if I read it correctly, you said mmmm, skeptical? This skeptical is not quite as advanced; there is lots of questions and answers you get from the machine, but it is not like in medicine where you have doctors who can't read all the stuff anymore. What do you think is the extent how far can actually the machines take the human part?

Ron: I am aware of lawyers who worry about machines taking over mankind and so far I don't share that concern in the practice of law. I think there is huge opportunity really from decades ago for machine to substitute for some of what lawyers do, especially in the more routine work. So already I remember, when I first came to the legal market, there were documents, programs commercially available to assist in drafting trust and state documents. So that potential has long been there; and with new technology there is more and more opportunities like Neota Logic. Watson in my mind is more of a question mark exactly how that would play out, but having spoken at will to Watson with people from IBM, my understanding is that there are law firms and others in the legal market looking at how Watson can work. But I view it as the processes that you see in many other industries or professions, I should say, where technology would always substitute for other lower end more routine; but there will always be room for the higher end.

Lawyers on Fire: What is your advice to young lawyers actually practicing in law firms or legal departments today?

Ron: That the core skills that law schools have historically taught are necessary but not sufficient to succeed. Lawyers have to go beyond core legal reasoning; they have to have an understanding of business; they need to understand finance and business management; they need to understand the tools that they work with, so they can practice law more efficiently; and they need to understand how to work with and manage clients and projects. So historically there



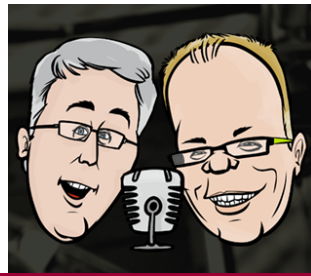
has been a very limited focus, at least in the US, in what it means to be a lawyer. Today, we understand that successful lawyers have a much broader set of skills. And the law schools may or may not provide that; so it is incumbent on younger lawyers to figure out how to gain those skills on their own and to look for experiences where they can gain that; and at the same time to develop a specialty area because the law firms and the corporate law departments will rarely train young lawyers, so it is incumbent on young lawyers to figure out their own program of development.

Lawyers on Fire: So if you say it is good but not sufficient what they learn at university. Would you encourage young lawyers to have a dual training to learn, for example, special stuff in marketing or in the digital world or have kind of dual experiences?

Ron: Yes, I would. I find - just a personal example that shows the negative of what I am talking about. I have a friend who practices family law and he works as a financial planner. They go back and forth on how to structure a payout; and to me in Excel in a few minutes I took the data; and to me it is just the annuity of the net present value calculation; and it seems almost like a trivial problem to me over which these two professionals are struggling because neither of them has sufficient finance training or sufficient experience in Excel. I am not saying that everyone has to learn that but they have to be aware of the tools. So, depending on what someone's practice is should drive what they want. But they need to have the business awareness. If they are going to serve a particular industry, they need to know about that industry; and maybe know about finance, or engineering, or chemistry, or medicine. If someone wants to work with medical devices, it is not enough to know just the regulations – they should understand the medical device market, they have to understand the science, the medicine, the clinical issues.

Lawyers on Fire: So talking about tools and about practicing law, how do you think world technology change the way lawyers work in day to day practice?

Ron: I think it is slow, and it is incremental. So I start with the mystery question. And I don't mean to be basic on that, but I mentioned document assembly earlier. This is software that even in the mainframe days and the mini-computer days in the 1980s existed; and in my opinion, it is certainly much easier, much more accessible; you will probably find documents that would work in a smart phone, but in my view it is tremendously underpenetrated in the market. So the lesson from that is the adoption time among lawyers is very, very slow. Until clients drive for more value, a lot of the technology that we have had for many years won't be fully penetrated. And the newer technology that is out there, all these start-ups, there is a big question for what the adoption rate will be. So unless clients drive for more value or unless we see law firms or



alternatives to law firms develop value propositions that are so compelling based on these technologies, I don't think it will change that rapidly. We will continue to see incremental change.

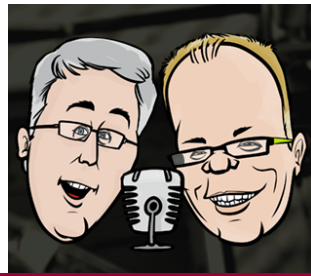
Ron: Just to add to that, it was very interesting to see two large law firms announce research and development efforts. Allen and Overy has its I-2 information and innovation where they will have some young lawyers and some budget focus on technology; and Dentons – sounds like a little bit more of a formal effort – has announced its next law labs which sounds like a quasi-independent entity; they have hired an outside CEO and technology next to the firm and if I read it correctly with the intent to sell it to other law firms. So there is movement in that direction, but that does not address how quickly it will be adopted.

Lawyers on Fire: When we first talked it was via a video platform; you were in the US, I think in your home office at the time, I was in Brussels in my home office. So how would you describe your own working style?

Ron: I left a large law firm in 1998; so that is 17 years ago and with the exception of one year where I went back to a law firm and actually went to an office, I have been working virtually. By which I mean I work from my home office, I work from hotel rooms, I work at my client sites. I am the first to say there is no substitute for being in person. So it is much better if you have the opportunity to be in person, but there is a huge cost to always be in person. And lawyers make a very common error where they assume that if we are in the same office, it means we are collaborating appropriately and correctly. My anecdotal evidence suggests that proximity does not equal collaboration. So I have to be more conscious in how I work; which is how do I collaborate more with the tools I use. It changes over time as the technology changes. So Skype, I think, is here to stay, but I use Google Hang Outs, I use various web sharing and web collaboration tools. For one project lately we used a protocolled quip which allows real time editing to collaborate for a few of us in putting together an agenda for a conference. So probably the way to work for other lawyers is think about the problems you need to solve personally, and then find the tools to solve those problems; and then travel when you need to.

Lawyers on Fire: Recommending things to other lawyers, what other discipline do you think lawyers can learn most from today? Is there anything, if you look at the IT guys, the media guys they have been first on the home office front, on the co-working spaces; and there is other people on other technologies. Is there anything, a benchmark industry?

Ron: I think the danger of benchmarking against a single industry is, you become overly focused on what they are doing as opposed to defining what problems you have to solve on your own



and finding where the best practice is. One of my little pet peeves is lawyers who are thought to be so analytic regularly jumping to conclusions without data. So in terms of thinking about problems I think they should emulate doctors with evidence-based medicine - what works, what doesn't, and base that on the evidence. With respect to the technology that they use you can look across the spectrum of professions to see what are the tools that work best. So I don't look at any one industry; and I am not sure that I can say the accountants, or the management consultants, or the engineers are doing it so much better. I don't know that for a fact, and I think they have a different set of problems.

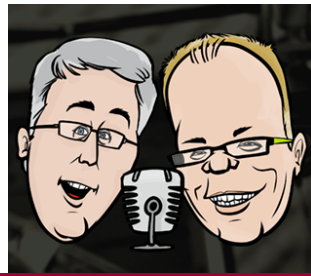
Lawyers on Fire: Where do you see overall the most innovation potential if you look around? There are many areas that you describe coming down on your block. Are there any favorites where you think - this is the hot stuff, this what we should watch out for in the future?

Ron: I think it will be really driven by the staffing of larger matters and larger law firms. That is where the expense is; and technology, and process improvement, and thinking more creatively about how best the staff matters will drive the innovation because the era of taking 20 and 30 associates and throwing them against the problem, which is what I saw in the 1990s, that era is just gone. And so the inability to just throw resources at a problem until it is solved, even though it is horribly inefficient, that will change; and that will become a nation of project management, process improvement, technology; and more conscious decision about what risks are taken. It was an era where the implicit operating assumption was leave no mote of dust un-turned, and now maybe leave no boulder un-turned; meaning, scale your work to the nature of the problem. And so there is a combination of factors. I don't believe in one magic technology bullet.

Lawyers on Fire: What is your vision of legal services in the more distant future?

Ron: I see a continuation of good trends today which is more diverse ecosystem of providers, so that legal services are not exclusively provided by lawyers; that I wish the United States that the bar regulators there are more open-minded as we see in England and Australia; and that it facilitated the combination of a set of traditional legal disciplines with other disciplines to solve clients problems more effectively. But I don't see a sudden and abrupt change in the market after the 2009 economic crisis, and I don't see anything that cause a sudden and abrupt change today. So my view is we will see continued incremental change, and some of it driven by clients, and some of it driven by initiative by people investing in different ways.

Lawyers on Fire: So is it more evolution than revolution?



Ron: Definitely, I will use from my vocabulary disruption and revolution because it has not happened so far, and I don't see what will change that.

Lawyers on Fire: What are you doing if you are not thinking about revolution and legal technology if you want to answer that?

Ron: Well no question is off limit. Those who follow my Blog post and Twitter realize that I over-invest in that. I like to think that my obsessions are all quite healthy. So I read a lot; unfortunately more magazines than newspapers. When I say that, it is actually for a digital guy there are certain things I prefer on paper. I like my Atlantic monthly in hardcopy. I like my New York Times and Wall Street Journal in hardcopy, at least when I am at home. It is a different experience in when I am travelling, using an iPad. Couple hours ago I was in the fitness centre of my hotel room, reading my newspaper on the iPad; but there is something tactile about paper. So I read a lot, I exercise and I like to combine; and I like dark chocolate which is why I am very happy to be in Germany; although my Swiss family whom I saw a couple days ago were quite dismissive of German chocolate, I have to say. Well, coming from the United States, I'll take either.

Lawyers on Fire: Anything, Ron, you would like to let the listeners know or to comment?

Ron: Just to say, it is an exciting new world, that there are a lot of opportunities and challenges because the market is really flat. And in my view a flat market is good because we are forced; economic forces, it takes time to grow, create pressure for efficiency and innovation that was lacking until we had the economic crisis because then everything was just growing, rates were going up and clients requests were insensitive with the price sensitivity and drive the value. We will see a much better opportunity for change.

Lawyers on Fire: Thanks very much Ron for being here.