The Impacts of New Technology in Legal Services

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Methodology

Law Firms in Brazil

Lawtechs in Brazil

Technologies & Lawyers

Tech in Classroom
FGV - CITE

- Impacts of new technologies in the legal field
- Privacy and Data Protection
- Cybersecurity and Cryptography
- Hate Speech and Social Media
Vibrant startup ecosystem for Brazilian legal market

Companies are developing tech solutions in different fields (e.g. Machine Learning, Blockchain, etc.)

Research:

In what extent law firms are absorbing the technology from Brazilian startup ecosystem?

Large number of law firms, with different sizes and different investment capacities

These differences could guide their decisions to invest in new technologies
Qualitative Approach

Law Techs
R&D in Law Firms

Research

Quantitative Analysis

Law Firms
Research Questions

What are the technologies that are impacting the legal profession?

What will be the **extent** and **depth** of the **changes** in the legal profession?

How the legal market in Brazil will be **affected** during the next years?

Should we **reconfigure** the legal training and the law school curriculum?
Quantitative Analysis

Law Firms in Brazil
Sample of Law Firms

403 firms distributed in 26 Brazilian states

Interviews

Structured Questionnaire
All of them by phone

Build a Comprehensive Framework of the Impacts

Create categories for organizing the results
Definitions & Data

- **Law Firm:** organization with more than 3 lawyers
- **Lawtech:** startup company in the legal market
- **Subsidiary:** law firm with at least one lawyer in another state

- **Selection:** the law firms were randomly drawn
- **Interviews:** conducted between October 10th and December 11th

- **Legal Services Regulation:**
  - **Civil Law Country**
  - **Brazilian Lawyers Association** does not allow non-lawyers partnerships
  - **BLA -** Forbids foreign investors in Law Firms
Distribution of Law Firms

- 12%: North and Northeast Region
- 7%: Midwest Region
- 69%: Southeast Region
- 12%: South Region
<table>
<thead>
<tr>
<th>Number of Lawyer per Law Firms</th>
<th>%</th>
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<tbody>
<tr>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>4 to 10</td>
<td>42</td>
</tr>
<tr>
<td>11 to 20</td>
<td>14</td>
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<td>21 to 30</td>
<td>7</td>
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<td>31 to 40</td>
<td>5</td>
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<td>41 to 60</td>
<td>4</td>
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<tr>
<td>60 to 100</td>
<td>5</td>
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<tr>
<td>More than 100</td>
<td>3</td>
</tr>
<tr>
<td>Sample</td>
<td>(403)</td>
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<tr>
<td>Annual Revenues (R$)</td>
<td>%</td>
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<tr>
<td>---------------------</td>
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<tr>
<td>Less than a million</td>
<td>35%</td>
</tr>
<tr>
<td>1 to 5 million</td>
<td>14%</td>
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<tr>
<td>5 to 10 million</td>
<td>3%</td>
</tr>
<tr>
<td>10 to 50 million</td>
<td>3%</td>
</tr>
<tr>
<td>50 to 100 million</td>
<td>0.5%</td>
</tr>
<tr>
<td>Do not responded</td>
<td>46%</td>
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</table>
Common perception: Most of the activities carried out by lawyers do not require legal training.

Projection (Finch Solutions): 68% of the activities executed by lawyers in Brazil are not exclusive for these professionals.

Law Firms: There a lot of space to increase productivity:
  + Duplication of activities
  + Standardization
Repetitive Litigation

- Free Access to the Judicial System (Gratuity)
- High volume of lawsuits
- Same Arguments
- Different Plaintiffs
- Profits comes from Scale
- Intensive on human resources
- Repetitive tasks
- “Fill the brackets”
**Hypothesis 1:** Brazil has law firms with ability to invest and potential to increase their productivity through new technologies, but their investment decisions are still oriented by their short-term needs.
Qualitative Approach

LawTechs in Brazil
Expert Systems (Automation)

Machine Learning Applications

Blockchain

Online Dispute Resolution Platforms (ODR)

Documents Management Applications
Sample of LawTechs

60 startups from the Brazilian LawTechs Association’s members list

Interviews

Semi-structured Questionnaire
With Members of each Company

Build a Comprehensive Framework of the Impacts

Create categories for organizing the results
Risk Assessment in Legal Decisions
Expert Systems
(Automation of Legal Documents)
Uses of Technology

Law Firms
How do Law Firms Innovate?

New Technology
Symbiotic Model

Changes in the corporate culture

Law Firm

Tools

Technology Provider (Startup Company)

Legal Services

Better understanding on how the legal market works
R&D Model

Law Firm

R&D Department

Tech Team
(IT Professionals)

Partners &
Associaties
(Lawyers)

Client’s Problem

Taylor-made
Tech-based Solution
In 50% of the Law Firms there is not a designated professional responsible to define the standards.

In 28% of the Law Firms is the Partner or a Senior Counsellor that define the standards.

- All or Most of Documents (72%)
- Few Documents (17%)
- None of the Documents (11%)
73% of the Law Firms have a LMS

14% have no intention to use

There is a correlation between size and the willingness to use a LMS

50% of them have features of automation
  - Documents
  - Appointments
There is a correlation between size and adherence of automation features.
One of the law firms mentioned that they use Machine Learning Applications.

The Lawtechs stated that their major clients are banks and legal departments of Multinationals.

There is a difficulty for Partners to understand how MLA could contribute to their activities, specially in the short-term.
**Hypothesis 2:** The lack of a full comprehension of new technologies influence how the investment decisions are made by Law Firms in Brazil.
New Skills for a Young Lawyer

Labtech Experience: Automation in Legal Services
How new technologies will impact the legal activities?

It will change the business model of law firms and the set of skills required for a lawyer.

The demand for more strategic and data-based approaches will have more weight on the decision to hire a Law Firm.

A generation gap seems to be the main obstacle for a high-intensity adoption of new technologies.