Exploring the Gap between the Academic and Practical Perspective of Legal Tech

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Outline

- Recap:
  - Introduction to Legal Tech
  - NLawP Project
  - Motivation
  - Research Question and Methodology

- Results
  - Interview Overview
  - Patterns: Use Cases, Success Stories, Challenges

- Outlook and Limitations

Introduction to Legal Tech and Motivation

LAW + **TECHNOLOGY**

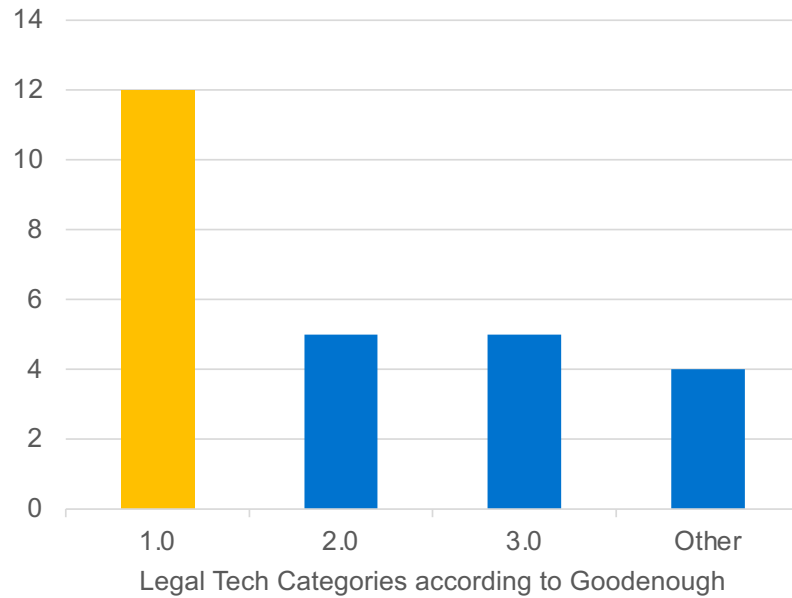| **Legal Tech 1.0** *Supporting the human*	**Legal Tech 2.0** *Replacing small tasks*	**Legal Tech 3.0** *Replacing the human*
E-Mail, Document Management, Online Meetings	Automated Reasoning, Automated Document Analysis	Automated / AI Lawyer, Smart Contracts

Legal Tech Classification: Goodenough, 2015

Motivation: Legal Tech Understanding
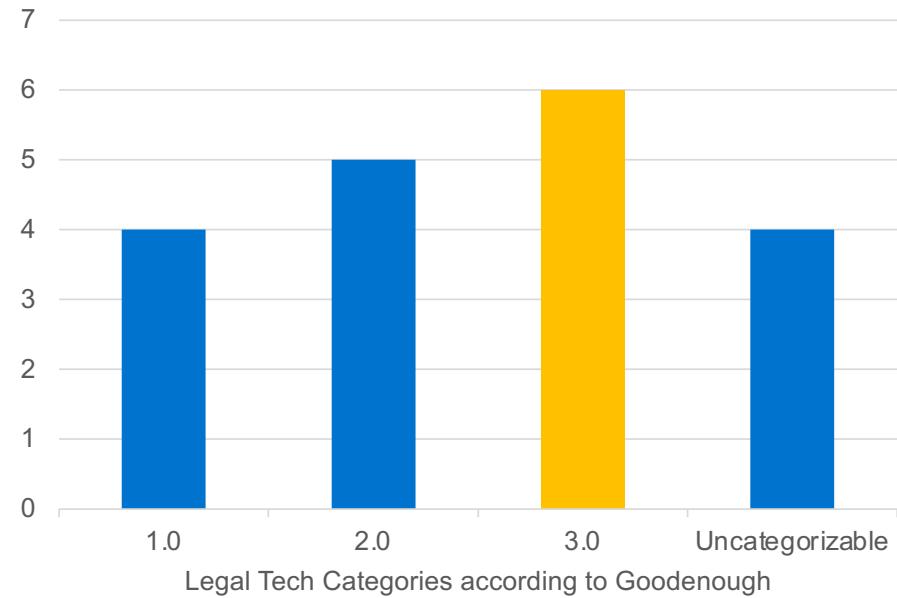

Findings on the left: Preis, 2023

Motivation

> It is well-documented that upgrading legal technology can improve efficiencies and increase profitability, yet many law departments are reluctant to let go of current processes.

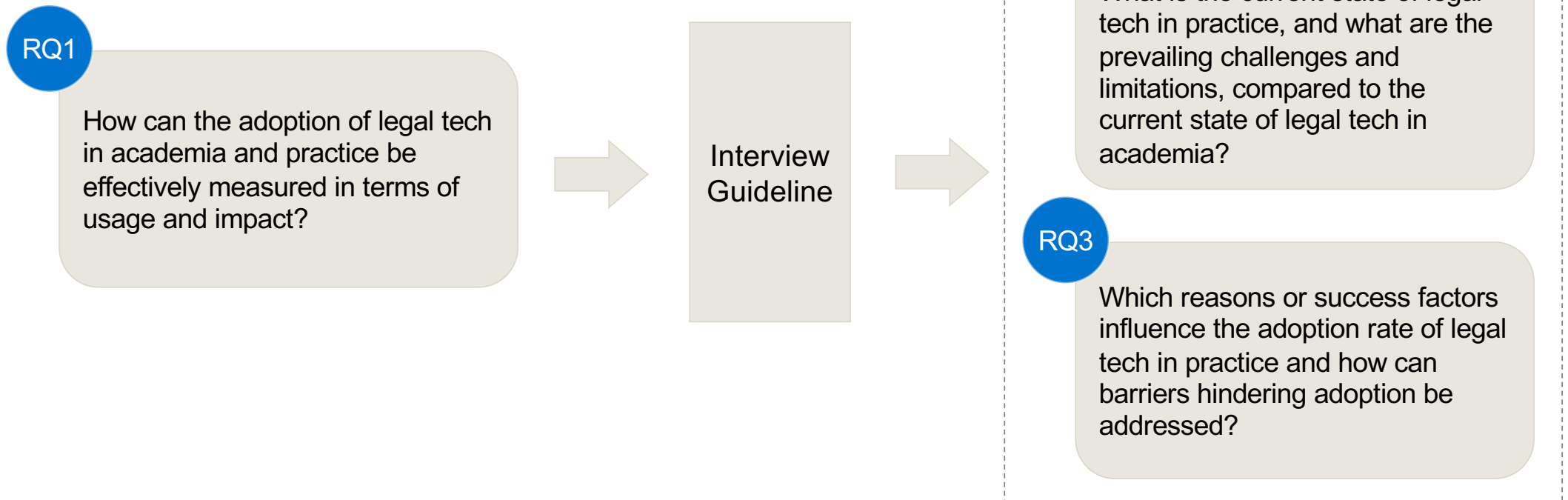Legal Suite, 2022
(International Legal Consulting Firm)

63% of in-house legal work is routine or can be standardized

Gartner, 2019

→ Lack of understanding and adoption of Legal Tech

Goal: Analysis of different perspectives on legal tech to find patterns in success stories and limitations guiding future legal tech implementation and boosting adoption.

Research Questions

RQ1

How can the adoption of legal tech in academia and practice be effectively measured in terms of usage and impact?

Interview Guideline

Semi-Structured Interviews

RQ2

What is the current state of legal tech in practice, and what are the prevailing challenges and limitations, compared to the current state of legal tech in academia?

RQ3

Which reasons or success factors influence the adoption rate of legal tech in practice and how can barriers hindering adoption be addressed?

Theoretical Concepts and Models Influenced our Interview Design
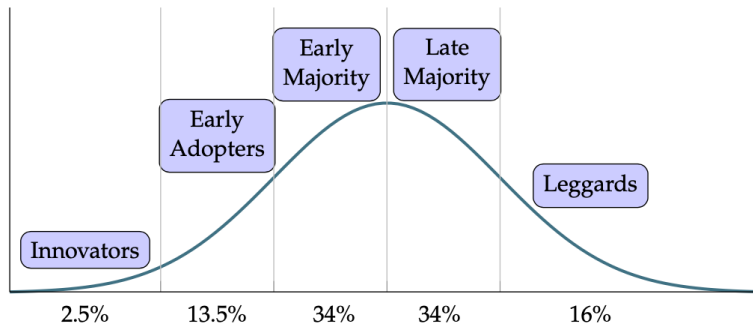
Figure 5.2.: Adoption Lifecycle, Own Figure, Based on [Rog03]

Figure 5.1.: Technology Acceptance Model, Own Figure, Based on [Dav85]

Diffusion of Innovation Theory (1962; Everett Rogers):
Factors influencing adoption from an individual's perspective:

- Compatibility
- Trialability
- Relative advantage
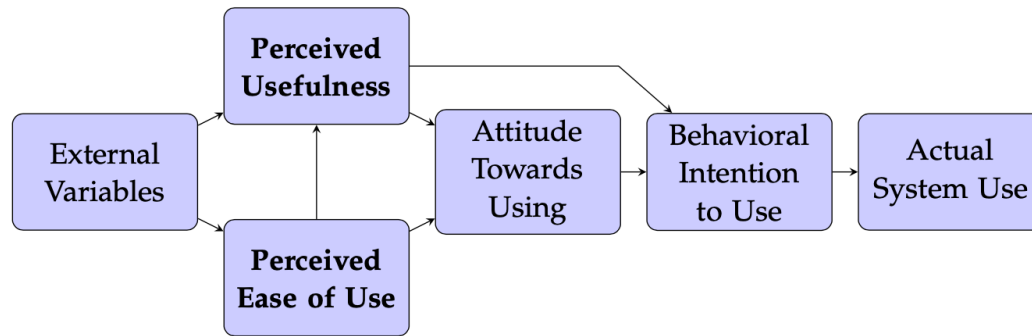- Observability
- Complexity/Simplicity

Preparing and Conducting Interviews explained

Recruitment Channels
- Personal Connections
- Second-Degree Connections
- Internet Approach

Selection Criteria
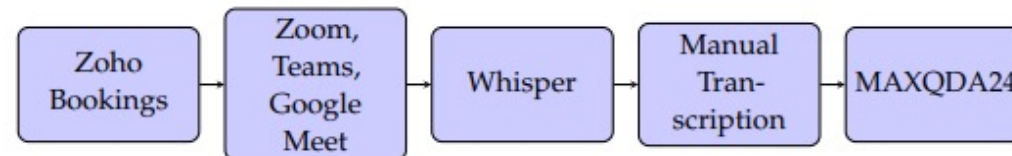- Employed in the field of law
- From Germany
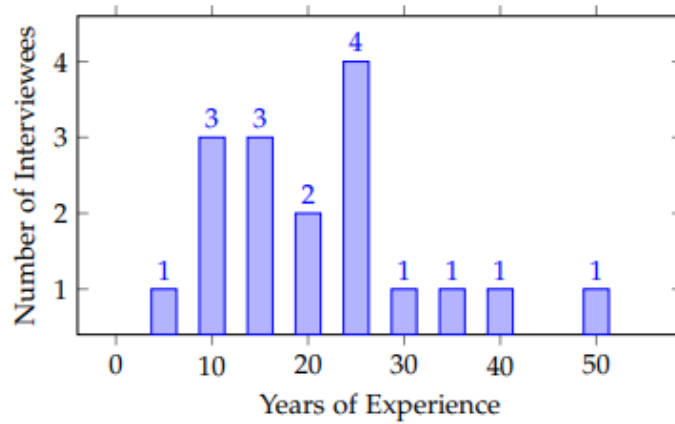

Figure 4.1.: Interview Process Visualised

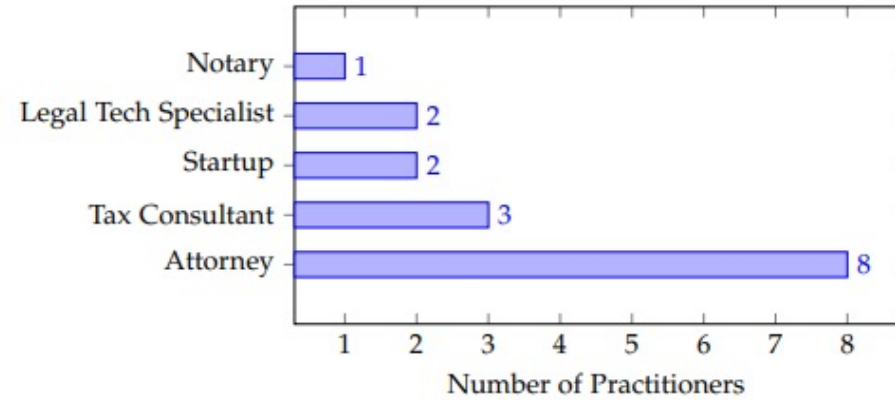Figure 4.4.: Professional Experience of Participants

Figure 4.3.: Distribution of Practitioners: Occupation

Interview Results Overview

Understanding
Depicts the interviewees perspective of the concept of legal tech

Adoption Process
Explores strategys and patterns in the adoption process

Responsibility
Analyses key responsibilitys in organizations, fostering adoption

Application Usage
Analyses participants used legal tech tools and use case categorys

Challenges
Collects challenges faced by participants

Future Development
Explores participants future perspectives

Benefits / Improvements
Explores the benefits of legal tech applications stated by participants

Success Factors
Explores factors benefiting a successfull implementation and adoption

Academic Perspective
Presents the researchers perspective on legal tech adoption

Document- and Communication-related Use Cases are most used

- Tax Specific Programs, e.g. DATEV

- Document Creation
- Document Management, e.g. E-Akte by RA-Micro

- Communication Platform
- Online Meeting Applications, e.g. Teams

- Law Firm Management, e.g. RA-Micro
- Online Databases, e.g. Beck Online

Benefits of Legal Tech can be categorized into four main groups

TLTI

Efficiency Improvements

Example: Reduction of redundant work, Time Savings, Concurrent Access, Increased Availability

Quality Improvements

Examples: Improved Data quality, Awareness of Edge Cases, Security

Environmental Improvements

Examples: Decreased Travel needs, Less paper / printing supplies

Financial Improvements

Examples: Decreased Travel needs, Less paper / printing supplies

Other Improvements

Examples: Access to Justice, Flexibility (Home office), Attractiveness as an Employer

Challenges and Limitations

Alternatives in the Market

"a Legal Process Outsourcing Provider" where we are "able to trigger manual or manual reviews at relatively low cost." (INT-14)

Scale and Limited Resources in Law Firms

Financial Limitations / High Costs:

"The industry is presumably confronted with a certain increase in price awareness on the part of clients due to the use of AI and legal tech." (INT-07)

Organizational Challenges

User-related Challenges

Market and Industry Challenges

Operational and Technical Challenges

Challenges and Limitations

Resistance and Skepticism
"I don't think there is really a drive in the legal profession to actively develop this now."
(INT-12)

Professional Appearance
--> Clients Trust

Human Judgement and Empathy
"Our consulting relates a lot to negotiations, i.e. where it is a matter of negotiating solutions with the other side" (INT-12)

Organizational Challenges

User-related Challenges

Market and Industry Challenges

Operational and Technical Challenges

Challenges and Limitations

Competition Absence in the Public Sector
→ In comparison with the competitive private sector

Scarcity of Alternatives in a Monopolistic Market
→ Niches are controlled by mostly one company

Challenges in Liability Management
"So basically, of course, you have to know [. . .] we lawyers and tax consultants are paid for our liability." (INT-03)

Time-Based Billing in Legal Practice

| Organizational Challenges |
| User-related Challenges |
| **Market and Industry Challenges** |
| Operational and Technical Challenges |

Challenges and Limitations

Data Privacy Concerns

"As a lawyer, you have specific diversity obligations towards your clients, some of which are punishable by law. So, you already have a relatively high risk." (INT-15)

Cloud vs. On-Premise Dilemma

Huge gaps between participants, from pro cloud to people, thinking, they are not allowed to use the cloud at all.

Organizational Challenges

User-related Challenges

Market and Industry Challenges

Operational and Technical Challenges

Success Factors

Liability	• → Use tools, which leave control with the human
Small Tools; Platform Choice	• Self-Developed, small tools on Microsoft Power Platform
Centralized vs. Decentralized IT	• Good reasons for both, depending on the requirements
Gradual Improvements	• Digital Transformation requires time
Communication and Exchange	• Engage in Legal Tech Communities
Clear Responsibility	• Having someone in the organization for managing legal tech

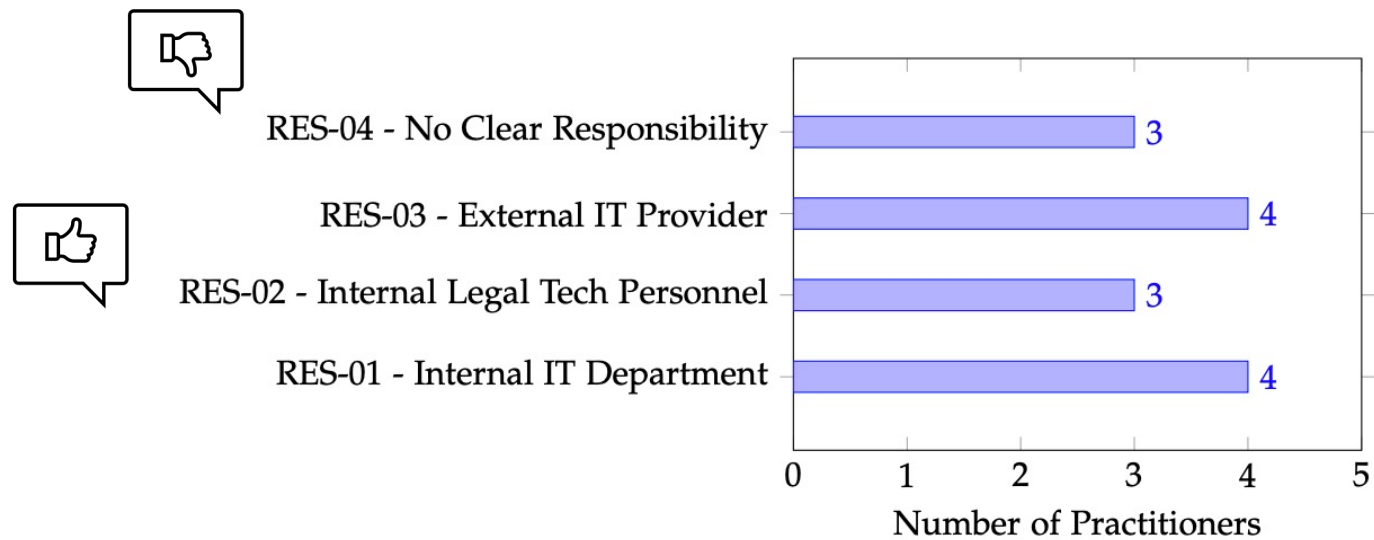# Clear responsibility is rare, professional responsibility even more

Figure 5.6.: Legal Tech Responsibility in Interviewees' Organizations

Academic perspective in contrast to the practitioner's perspective

Goal:
- Knowledge Generation instead of market-ready products

Technology Gap:
- NLP, LLM, Neural Networks

Additional Challenge:
- Limited Data Access

Success Factor:
- Active knowledge transfer between private R&D and academic research

Limited generalizability

Sampling Bias

- Only 2 of 17 female participants
- Many got recruited through personal connections
- Location focus on Munich / South Germany

Researcher Bias

- Interviews and Pattern Analysis only conducted by me

Possible future project ideas

Limited qualitative validity

→ **Quantitative** examiniation of the qualitative data of this project

Focus on Germany

→ **Comparision** of the german legal tech landscape with other regions (UK, US)

Limited application of e.g. TAM on the adoption of legal tech

→ **Development of more advanced** models for quantitative and qualitative examination of a technology group like legal tech

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Sources

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