LLI Whitepaper

The Digitalization Guide

– for Legal Departments and Law Firms –

by the Liquid Legal Institute,
with support from our members …

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EDITIONS WEBLAW

The Liquid Legal Institute e.V. (LLI), as host of the project, as well as the editors, authors, and contributors of the publication, unreservedly recognize the importance of gender-equal language. Through projects such as LLI Diversity Framework, LLI strives for diversity and gender equality. For better readability, the simultaneous use of feminine and masculine forms of language is avoided in personal designations and personal nouns, and the generic masculine is used. All personal designations apply equally to both genders. The abbreviated form of language is for editorial reasons only and does not imply any form of judgement.

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INTRODUCTION

We are a group of high-ranking representatives of legal departments and law firms. We worked together on this publication as a part of a project at the Liquid Legal Institute e.V., a unique international think tank that cares about the advancement of the legal industry.

We are service providers.

We all want to provide the excellent services that our customers or employers expect. At the same time, the legal market is currently undergoing a structural change, which we and others refer to as the *industrialization of law*. Industry leaders must ask themselves if their traditional value propositions will remain intact and sustainable in the near future. For decades, segments of the legal industry appeared to be resistant to substantial changes caused by technology. Now, access to disruptive and networked technologies may allow innovative players to push them out of the market.

The Corona crisis as an additional push to digitalization.

Law firms and companies claimed to lack the time and resources to implement new technologies and reorganize familiar workflows. The Corona crisis, however, clarified that technology solutions are essential to business resilience and client service. Increased use of sharing platforms, remote access to corporate servers, video conferencing, and other technology proved to be a lifeline to keep legal departments in companies and law firms working at the height of the pandemic. Legal tech in the broadest sense is becoming part of everyday life for more and more legal departments and law firms.[1]

Adapting to the clients' needs.

It is essential to adapt to the new circumstances. We have to cope with the increasing workloads and budget constraints while at the same time meeting clients' or employers' expectations. In law firms, clients are no longer willing to pay high hourly rates for lawyers to perform standard tasks and repetitive work. In legal departments, the company expects more efficient work from its lawyers. For these

1 Future Ready Lawyer Study, Wolters Kluwer, 2021, https://www.wolterskluwer.com/de-de/know/future-ready-lawyer-2021 (21 August 2022)

reasons, we must focus on the core of our legal work. Those services where we do not add value with our legal know-how must be handled more economically.

Adding value.

To achieve this, we first need to understand in which services we provide added value. Our various services must be distinguished and made measurable. Such deconstruction of legal work leads to the standardization of high-volume and low-value tasks and the emergence of Legal Process Outsourcers (LPO).

The core remains human.

The core of legal services in most practice areas and cases is still too complex for machines to execute, even while some tasks, e.g., the assessment of facts in relation to the law, remain supported and surrounded by computer-assisted operational activities such as document analysis, contracting and project management.

Guidance for colleagues.

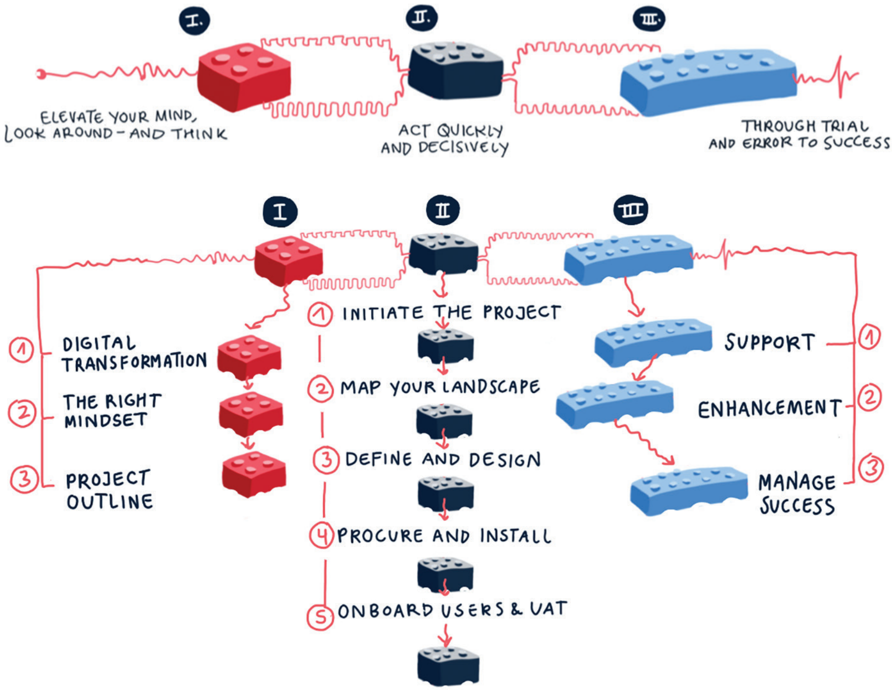
At the Liquid Legal Institute, we encounter many colleagues in law firms and legal in-house departments who realize the need for change – but simply don't know where and how to start digitalization projects. Often, they are asking themselves questions such as: What differentiates legal technology projects from classical IT projects? Are legal department per se a special / different audience? Do legal departments have the necessary funding? Can legal departments work / carry out the project in isolation?

Our LLI Digitalization Guide is written for lawyers who are willing to listen, learn and collaborate!

Expert Advice

One, if not the most critical point in digitalization projects is the *human element* because it plays a crucial role for later solution adoption. Only if the users in the team and across other corporate functions believe in the project and make use of it, does it becomes possible to realize the new setup (e.g., time or costs savings, productivity and so on). Conversely, the resistance of internal stakeholders can make the whole project fail. Therefore, it is of utmost importance to get top management and General Counsel support from the very beginning.

I. ELEVATE YOUR MIND, LOOK AROUND YOU – AND THINK.



CLEAN SLATE: The LLI Digitalization Guide – Table of Content

It is difficult to imagine things differently from the way they are because our cognitive reasoning is based on the status quo. **What we can envision depends on what we already see.** But, especially for digitalization projects, one ability is undeniably crucial – to dissociate oneself from the way we have always done things and to start with *a clean slate*.

> ***Clean Slate***
>
> [kl'iːnsl'eɪt] a state in which you are starting an activity or process again, not considering what has happened in the past at all. (Cambridge Dictionary)

Tools to unlock your imagination.

New software development and problem-solving methods such as Agile and Design Thinking are successful because they provide tools for imagining the new. In essence, we need to abstract from the concrete situation, look at things from the perspective of different stakeholders – and let our ideas flow!

The first goal of the Digitalization Guide is to provide help for getting the most out of legal processes and services – to do more with less. The need for transformation may have multiple triggers, and each particular trigger impacts people's motivation, project funding and change management. It is therefore important to start any digitalization project with a bird's-eye view.

But how can we get this clean slate – this bird's-eye view – and still stay grounded?

Strategy is the key.

1. DIGITAL TRANSFORMATION: A STRATEGY TO FIND AND KEEP THE RIGHT MINDSET

The mindset. Unfolding the need for change.

You already see that the need for change does not present itself in a clear way. It wants to be unfolded and discovered. You might think: "Well, I have elevated my mind and I am trying to start with a clean slate. But where should I look first now?" Strategy is the key. We, legal professionals, are masters of strategizing. So, let us apply our strength to digitalization.

Watch others make mistakes.

Just like in dispute resolution, you sometimes need to get additional expertise from other fields. Our legal sector is lagging behind in digitalization. However, a staggering 70 % of companies in other industries have already gathered rich experience in (failed and successful) transformations.[2]

Expert Advice *(by Sandra Bello Messaging Strategy @ Cognizant)*

Digital transformation always starts with the solution of a problem. Or the provision of new opportunities. Not with technology.

Above all, keep in mind what it is all about: humans. Always put them in the center of your strategy. Why and how? Detailed explanations can be found in the chapter I.2.b) The Humans Behind (the Product / the Service).

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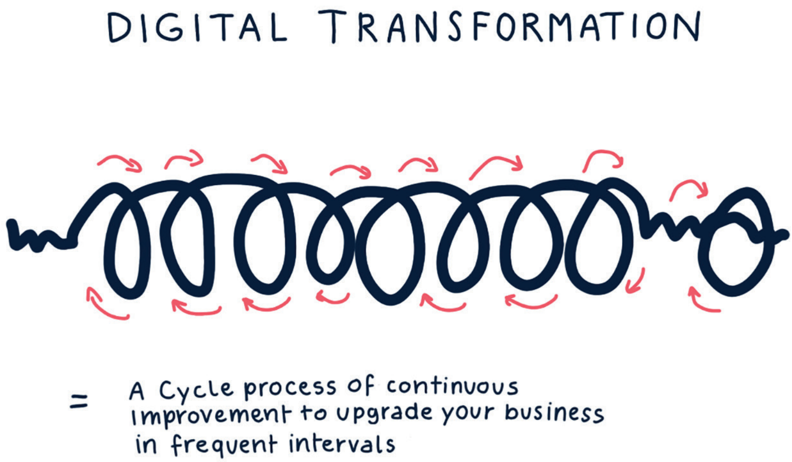
2 *Forth, P. et al*: Flipping the Odds of Digital Transformation Success (2020), Boston Consulting Group, https://www.bcg.com/publications/2020/increasing-odds-of-success-in-digital-transformation (21 August 2022). *Clayton-Ball, T. et al:* Digital Transformation, Are people still our greatest asset? (2020), Deloitte MCS Limited, https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/about-deloitte/deloitte-uk-digital-transformation-are-people-still-our-greatest-asset.pdf (21 August 2022). *Robinson, H.:* Why do most transformations fail? A conversation with Harry Robinson (2019), McKinsey & Company, https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Transformation/Our%20Insights/Why%20do%20most%20transformations%20fail%20A%20conversation%20with%20Harry%20Robinson/Why-do-most-transformations-fail-a-conversation-with-Harry-Robinson.pdf (21 August 2022).

Know what you are talking about.

Digitization, digitalization and digital transformation. What's the difference?

Digitization means to turn something analog into a digital asset, while digitalization describes the effort to get the most out of a digital asset or service.

People tend to mix up the terminology. But if communication is unclear, you will end up losing track during the process. When you talk about digitalization, you usually mean the entire digital transformation.



Digital transformation. A strategy.

Digital transformation is a strategy to adapt a certain topic to new environmental conditions.

You need to identify (1) the topic; and (2) the new environmental conditions responsible for the topic and the trigger for the need of change. Only then (3) can you adapt by starting to search for solutions. Which eventually brings technology into play.

An example: you cannot find the documents from your colleagues in the filing system of your legal department. Why? Because there is no actual structural logic behind the filing.

(1) **Topic**: chaotic, erratic filing of documents. No systematic approach behind it. You want to change this situation.

(2) **New environmental conditions**: fast growth of your legal department. Less direct communication between colleagues.

(3) **Adapting**: start looking for the document management systems that suit the stakeholders' need. Eventually set the grounds for it.

Adapting. Take one step after the other.

Step 1: Digitization. Setting the grounds of digital transformation.

Get your subject of change into the ideal digital format to make it workable for technology. Digitization describes the conversion of information from the analog format (e.g., a paper document) into digital format.

Expert Advice

Mind the PDF trap: a PDF is not the best digital format. Because you want technology to get the most out of all the valuable data contained in your documents later on. Think of the metadata. This way you are setting the grounds (as mentioned above) for your digital transformation tools.

Step 2: Digitalization. Use the tool box. Look for the best fitting tech tools to solve your challenge or topic as identified before. Ensure the tech tools are workable for humans. Digitalization comprises the implementation of digital technologies.

Step 3: Legal Design. It's all about your client.

Finally, remember what it is all about: humans. So, try to make it as easy as possible for your "customers" and team to use those tech tools. Legal Design applies design thinking methods to the legal profession. Design thinking is an approach that uses creative problem solving methods from the concept of design thinking that leads to useful and user-centric solutions. Those results are convincing from the user's point of view on the one hand and market and product-oriented on the other.

2. THE RIGHT MINDSET – LAY THE FOUNDATION

Two of the most important trends that law firms must respond to are the changing expectations of clients and the need for new talent. Legal in-house departments are also in need of new talent and furthermore facing an increasingly complex regulatory environment, making adequate risk mitigation a challenge while fighting for headcount in their teams and budget.

a) Strategic Foresight

The best way to show the value of an idea is to turn it into reality. However, not every idea is worth it. Where to focus your efforts is a matter of "*strategic foresight*". How can you determine whether it is worth a try?

Make an impact with the right criteria.

Start with collecting criteria of all kinds that may impact the decision [note*: When my team did this exercise, we ended up with 51!*]. All criteria may belong to one of the following three groups: Value to clients, value to business, and ease to implement. If there is no value to your clients, there will be no business case and thus no budget. If there is value to clients, but the idea does not support your own (department's) business strategy, you will not be able to show benefit to your own organization and thus won't get budget. And if both value to clients and business are given, but the cost of development and implementation is too high, success will be less probable, i.e., the risk of failure is high. It is that simple – yet can be so difficult to determine.

These criteria apply to both law firms and in-house legal departments equally. Both have "clients", and both have their own "business". But clients and business differ. Law firms' clients are the legal and compliance departments of corporates; legal departments' clients are people in the business. The business of law firms is selling high value legal advice, trying to expand the work they do; legal departments have to use their limited resources to serve their clients in the most efficient ways. Thus, the value of certain criteria may differ and each team will have to find the right score to evaluate proposals and prioritize adequately.

Go for the long-term benefits.

Efficiency gains on routine work have a positive effect on the productivity of in-house departments. Even if the development or implementation of a new software solution does not immediately reduce workload and may come with higher costs in the short term, mid- and long-term, the benefits are obvious. For law firms to keep and raise quality is much more of an issue. For example, using artificial intelligence tools for big data analysis (due diligence or internal investigations) will improve the quality of the work product. Another topic is productizing lawyers' expertise as clients are no longer willing to pay their lawyers for re-inventing the wheel. Thus, there is a trend to move away from one-to-one advice, towards products and (on-line) services.

Involve the stakeholders.

User Experience (UX) is more than buzz-words. Whether or not you manage to meet your clients' needs and expectations makes the difference between success and failure. However, a solution that is technically working, but is uncomfortable, will not be used . Hence, interaction with your target users in developing a digital solution is crucial.

Also, you may need to cooperate with other stakeholders within your organization in the solution development. If you don't get the support you need, any project may fail for reasons beyond your control. Stakeholder mapping therefore is a useful strategic exercise. Think about whom you need, and when, what the contribution should be, and whether you have the means (incentives or authority) to receive it.

Digital transformation is about scalability.

Digital solutions have the potential to be scaled up. They unfold their real power when being used by many. Therefore, the solution must be designed for scaling. This requires thinking beyond the specific use case. Think about similar use cases, other user groups, and future developments. Strategic foresight should always be in the back of your mind when you design, choose, and develop technology. On the other hand, don't try to save the world with one solution. Be specific in solving the problem at hand. Just find the right balance.

b) The Humans Behind the Product or the Service

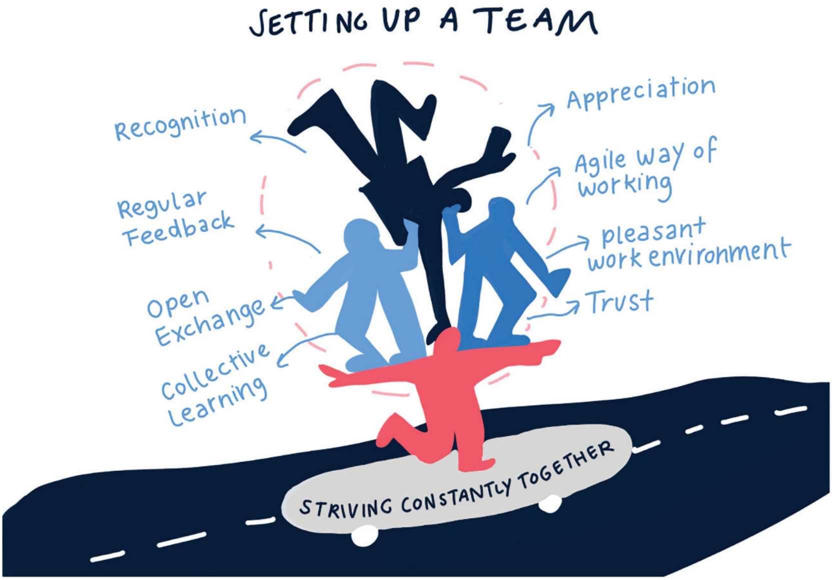
The mantra of a human-centered approach has come up already. Let us dig a little deeper into the question why the human aspect is of such great importance, especially in the Legal domain. Here we discuss the best ways to digitalize our services and products. Products and services that were built and mastered over time by people are now being asked to digitalize their known (maybe even more comfortable) way of working.

It is very important to keep in mind that there are *many different people involved*.

Humans have feelings.

And everyone involved in such a digitalization project might have their own needs, interests, perspectives and agendas: The General Counsel may be spurred on by the CFO to deliver a solid Return on Investment (RoI). The team lead worries whether the project will have a positive impact on the team's strategy, while the Legal Ops team is concerned with the selection of the right tools, the implementation, the deployment, and adoption by the end-users. The legal team, i.e., the lawyers, might be afraid of the new way of working or fear losing their jobs. All of these have to be taken into consideration before you even start to plan your digitalization efforts.

You may have heard that a diverse team is better equipped to handle digitalization projects because they bring different perspectives to the challenge and are not burdened by the habit of "we've always done it this way".



Diversify your team.

Special skills are needed for such a diverse team. Which ones depends on the concrete task and the specific knowledge is required. In general, you can say that it doesn't hurt to have a designer, a process expert, a tech-savvy person, a project manager / scrum master, and a product owner on the team.

Especially smaller legal departments will now wonder, where are all these people supposed to come from – I'm standing here all by myself . We don't always need people who are experts – there are many things we can learn on our own. It is more about recognizing that it is not enough to be a good lawyer to successfully implement, for example, a legal spend solution.

Hire or acquire?

Assuming a small team and even the possibility to recruit more people, the question to ask ourselves is what skills the team can acquire and what expertise we have to hire. We hear and see that vacant positions are advertised with very unconventional job profiles: "We are looking for a young, very experienced lawyer with a fully satisfactory exam grade, preferably with a doctorate and experience abroad, who enjoys LegalTech, is best at coding and has already won one or two hackathons."

Bluntly, there are no such candidates. We must learn to operate in teams and either acquire the skills ourselves or deliberately bring people on board who can cover our deficits.

Create an environment that lets people grow.

Instead of wasting time looking for the perfect employee, we should learn to recognize human "raw diamonds" and find ways to unleash their full potential. The "polishing" of those diamonds is done through a process of lifelong learning, but not in individual retreats as the lawyer is accustomed to, but as a collective group. Every team – if the environment and the direction is right – develops a wonderful dynamic and strives to constantly develop further. The Liquid Legal Institute uses the same strategy. The organizers only give the general direction and provide a pleasant environment; the team itself decides the rest: what result should be achieved, by when, who does what, etc. Open exchange, trust, appreciation, regular feedback, and adherence to the self-given rules are fundamental elements for a collaborative working experience.

Taking Agile as an example.

The Agile way of working gives us guidance on setting up such a team. There is a Scrum Master, as the proverbial "good soul" of the team. The product owner knows the strategic goals and political obstacles, and the rest have all the necessary skills to move the task forward. This team comes together and commits itself mutually to reach a certain goal. The responsibility is always with the team and never with the individual. This creates confidence and solidarity internally and trust externally.

Do it like LLI.

At the LLI we have a dedicated project team working on "Competencies and Skill" for both members of the legal department and their external law firms working together in embedded teams.

c) Think Holistic – Don't Overlook the Target IT Landscape

Once you start with your digitalization project, you will see and understand that you have many different requirements. You need to understand and accept that there won't be one solution that fulfils all your needs. Luckily, there are different tools and applications which can help you. One of the main drawbacks is that you need to plan carefully which applications and tools you will need. It makes sense to think about a target landscape, which you are working towards.

Create a landscape of interoperable systems.

The target landscape is a description (can be visual) that contains all the different applications that you will need (short, mid and long-term). In addition, the landscape should contain the dependencies among those tools. For example, you might start with the implementation of a document management system. Soon you will realize that you also need a matter management system as well as an e-billing and invoicing system. And those three systems need to be interoperable, which means that they can seamlessly share data with each other. Otherwise, you will end up with isolated tools and silos, which cause a lot of headaches, such as high operational costs, problems with the maintenance of data in different systems (no single source of truth, redundant data), lack of support for streamlined processes and integrated workflows, etc.

The tools you might need.

The figure below indicates different tools that one might need for a fully digitalized legal department.

> Note: You don't have to implement every application from day one on, but you should keep those in the back of your mind before blindly running into the implementation.

Lessons Learned.

We tried to summarize the main "Lessons Learned", so that you can work towards a harmonized and fully interoperable IT landscape of your legal department:

1. Throughout legal departments and law firms many different requirements exist which require the usage of different IT applications.
2. Different applications are required to fulfil the various needs of a legal department and law firms (see image).
3. There is no "one-for-all" application. We need to accept that we need more than one application, avoiding huge monolithic applications that we can't improve and maintain efficiently.
4. Most companies, legal departments and law firms have some IT systems in place. New IT applications might need to take the dependencies to these existing legacy systems into account.

5. Legal departments need to respect the requirements from their internal IT departments. IT might have requirements regarding the implementation and usage of new IT applications and IT security.

6. The requirements mentioned in no. 5 above can lead to different pre-requisites and boundary conditions. Those influence how and what kind of IT applications can be introduced and implemented (e.g., on-premises vs. Cloud, national vs. international setup, budget, time, etc.).

7. We need to avoid isolated standalone applications and rather think about connections and data flows between applications. Therefore, we need interoperability and interfaces of applications. Otherwise, we won't be able to leverage synergies.

8. We need a vision and a target picture for our application landscape. We need to be clear on the question: Where do we want to go with our applications?

9. We need to understand where we are now. We need an overview of existing applications and understand what our gaps are and how we can move forward without neglecting the status quo.

10. Based on our vision, our target picture and our status quo, the gap-analysis will unveil how we get from our current state to the desired target picture. We need to be clear and transparent and take our budget and resources into account.

The considerations above should be helpful to prepare for the digitalization project and avoid potential pitfalls.

3. OUTLINE YOUR PROJECT

Get clear what your solution is supposed to be for. Should existing processes be improved? If so, in what way: faster? Cheaper? Less error-prone? Or do you want to disrupt an existing process and completely re-imagine it? Should new products / services be developed?

True Story

Identify and implement quick wins! An author reports that he wanted to move the mandate for contract management from the finance department back to the legal department. As a first step, he showed how often a contract was saved and filed after conclusion. Very quickly, this information convinced the business that there was a need for action to avoid redundancies. With this quick win as "fuel", he could continue to work on the next steps.

The following will help you outline your project by identifying the pain points and defining your goal with KPIs to measure success.

a) Identify Pain Points

Once a general need for change has been established, the actual pain points must be identified on a more detailed level. Exemplary pain points are the high volume of trivial (legal) work, insufficient reporting capabilities, cumbersome Admin tasks, and high external legal spend.

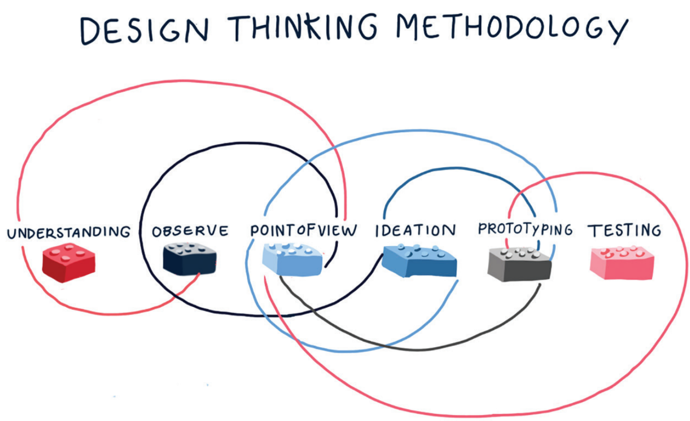
Exemplary methods to identify such pain points could be workshops, user studies, or action-based research ("observe" yourself and colleagues). Through such methods, the project team can analyze the current workflows and identify potential for digitalization.

Critical Question:

What are suitable methods to identify the most pressing pain points?

It's all about choosing the right method

Legal Design Thinking, as a method to integrate 360° feedback, means to approach the digitalization challenge the way designers do and combine it with the requirements from the legal point of view. Designers first take care to identify the ecosystem and stakeholders, ask the right questions (in order to define a concise challenge), and then quickly develop ideas in the form of prototypes which are continuously tested and iterated, as depicted in the below graphic used in a project the LLI e.V. conducted together with Hasso-Plattner-Institute (HPI):[3]



Design Thinking Methodology

3 HPI Academy, https://hpi-academy.de/design-thinking/ was-ist-design-thinking.html (21 August 2022)

- **Imagine** how it would be if you were not dependent on others to provide information; if all information was readily available anywhere anytime; if the work of the team could be simplified. Start with yourself. Which of your own "managerial" activities bother you, take time, or rely on information that is not readily available? Think of obligations you must fulfil, such as reporting to the board or the CFO, to auditors, authorities, shareholders. Or simply think about how the process of approving invoices could be improved.
- **Look at your team!** How do you interact with your team, and how do team members interact with each other? How do they act cross-functionally, e.g., with commercial or financial stakeholders (in-house clients)? Create visualizations of the journey(s), results and pain points, including all analogue and technical touchpoints between people, and between people and tools. These visualizations (Journey Maps or Blueprints) make it easier to explain, communicate, see the needs users have and identify opportunity areas to improve. Talk to your team and ask them what would make their lives easier.
- **Conduct interviews!** Talk to stakeholders and as many people from different departments as possible, using a structured interview guideline. For each identified pain point, try to understand where exactly the pain hits and what the short, mid and long-term consequences are. For example, cumbersome Admin tasks and automatable high-volume / low complex legal work may result in a lack of efficiency in the short-term, employee fluctuation in the mid-term, and reputational damage including hiring issues in the long-term.

Expert Advice

Start from the envisioned result (e.g., by using an end-user perspective) and work backwards with the vendor and your own IT and other departments, such as finance, to understand what you need to do to get started.

- **Conduct workshops!** In interactive and well-structured workshops with members of the legal department and other relevant departments of your company, clearly define the goals of the project and communicate them to all participants. Make sure the participants are real stakeholders of your actual challenge. The workshops should be interdisciplinary – legal must not only be talking to itself! The workshops should also be structured using a few core questions and should be carried out in tight schedules. Participants must be encouraged and enabled to reject presented problems and raise their own problems (see "True Story" below). Prepare (semi)structured interviews and questions for effective workshops.

If you already have an idea, be very vocal on the WHY and the benefits for the stakeholder. Encourage mirroring exercises (people changing perspectives for a period of time).

True Story

Failure is an option! When the management team of one of the authors defined a new role intended to serve as a link between the project development business and the portfolio business, legal counsel and professionals were asked to conduct a workshop and flesh out the concrete tasks for this new role. The workshop showed that the meaning and purpose of the new role had not been understood. Unfortunately, the participants also did not question the whole concept either, because they thought it was a "given" and had to be accepted. From that, the management team concluded that they had not designed the framework correctly, or at least had insufficiently communicated their expectations. They should have clearly stated that "failure", i.e., rejecting the new role concept, was a possible and acceptable result of the workshop!

b) Definition of Target State

It is important to clearly define the goal because imprecise targets often lead to a relapse into old patterns and reduce motivation. Only a clear definition of the goal makes the urgency of the change clear and allows you to mobilize the team and get them committed to the target. Once the goal has been set, the change process can be anchored through small intermediate steps. This also creates additional motivation in the team and creates traceability for management and the financially invested stakeholders.

Mind the KPI.

To define the target, it is good to work with theses that are based on KPIs. This makes progress more measurable. In another LLI project, called "Legal Inhouse KPIs", a wide variety of KPIs were compiled and visually processed. It is worth taking a look to determine relevant KPIs for your own case.

Money matters.

Since continuous cost monitoring is necessary, costs should also play a role in the target definition. You have to consider external costs as well as internal resources.

Ideally, you can define a break-even point, i.e., the point at which the costs of the tool and the introduction are covered by the benefits from it. This is one of the reasons you might want to establish KPIs – to measure those benefits.

Think big and scale.

The influence on other departments and their processes as well as the integration into the IT architecture of the law firm / company should also be part of the target definition and measured through KPIs and a break-even-analysis. As mentioned above (I.2.a Strategic Foresight), the solution must be designed for scaling, so that, it may be useful for several departments.

True Story

Theses for the introduction of a matter management system / ticket system could look like the following:

With the introduction of the matter management (ticket) system, we want to ensure a fair distribution of tasks within Legal and thus accelerate the processing of cases. This will increase employees' well-being score from 5 to 8 within 12 months and reduce the average time taken to deal with general legal issues from 8 working hours to 4 working hours. We will not exceed the budgeted costs of EUR 100,000 (external costs incl. internal cost allocation) and the time window of 3 months for the implementation, because the tool is Office 365-compatible and thus fits into the IT architecture of our company, so that IT support is only needed to a minor extent. Assuming that the number of requests to Legal remains the same and the processing time for general legal questions can be halved, the break-even point will occur in 5 months, taking into account the internal full costs.

Monitor the impact.

The targets are to be monitored by a responsible colleague and reported to the project owner (in case of doubt the General Counsel) on an ongoing basis. In particular, the impact on other departments and processes should not be underestimated.

True Story

In one practical case, the introduction of the electronic signature went according to plan until it was discovered that the documents could not be stored in an audit-proof manner and the corresponding processes had to be adapted. In another case, corporate housekeeping tasks were shifted from Legal to a specialized department with the help of a technical solution, to save money. In practice, however, it turned out that the specialized department was confronted with various legal issues that it could not handle on its own, so that the processing time became so high that the hoped-for positive cost effect did not materialize. Most of the tasks went back to legal.

c) Securing Support from Above

Every project needs a **sponsor**. A sponsor could be any person with some influence in the company – and ideally some budget. Without a sponsor, you will lack two essentials: support and money. While you may find supporters as the project evolves, you will need to secure a budget before getting started. If you don't have at least the human resources and financial means to realize a **Proof of Concept**, you may be better off spending your time and energy on something else. But, even if sufficient resources of people and funds are crucial for any type of development, it is rarely a question of money only. Therefore, finding the right sponsor within your organization is key.

Matchmaking.

Whomever you spot as a potential sponsor, ask for his or her personal targets and KPIs. Your project should align with the **sponsor's strategic goals**. Often people think digitalization is all about reducing cost. However, a study[4] run by *DICO – Deutsches Institut für Compliance e.V.* and *Alliance for Integrity* on 'Digitalization of Compliance' revealed interesting insights: Expectations linked to the implementation of digital tools ranged from efficiency gains (90%), increase of quality (71%) and audit proof processes (65%), reduction of complexity (58%), reducing risk and liability (58%), better control (50%), and facilitate access to subject matter

[4] The study was conducted by the DICO e.V. and published in partnership with the LLI e.V. The study is freely available at https://www.liquid-legal-institute.com/library/

experts (47%). Think about these or any other potential benefit your project might create.[5]

And then ask yourself who in your organization is responsible for achieving such benefits. In some instances, it might be sufficient to build on the **digitalization strategy** of your company. Interestingly in the above survey 56% confirmed that the compliance function had their own digitalization strategy and 63% even had their own budget for digitalization.[6] However, digitalization is not a goal in itself and therefore you should always look at other strategic benefits.

Attract with monetary values.

When presenting your project to a sponsor you will have to show the **Business Case** and demonstrate **RoI** (Return on Investment). 'Faster, better, cheaper' are criteria that are easy to translate into money. Looking at some of the other criteria such as 'increase of quality' or 'better control' you may need to attribute a value indicator to it and then include it in the equation. In the end, the benefits generated by your project have to exceed the investment – needless to say.

Set the path with a Project Charter.

It requires an extra effort to set up a **Project Charter**, but it is worth it: This document will give clear guidance on scope, timelines, milestones, and expected results. Thus, it will serve you and all those who participate in the project on the way. And it will clearly show when you risk going off track. The Project Charter will roughly follow the path of: Preparation – Research – Value Design – Concept Validation – Solution Planning – Technical Assessment. Each of these phases will again be structured in separate steps.

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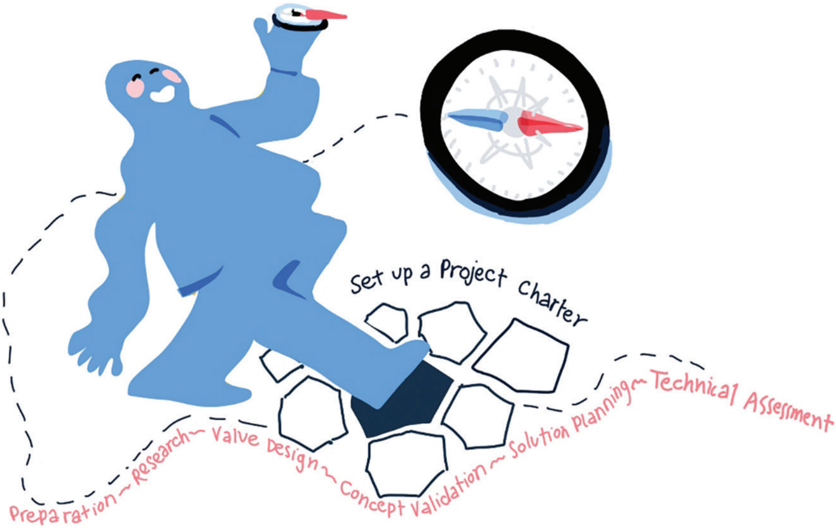
5 Erwartungen an eine Compliance Funktion 4.0 – Thesen zur digitalen Zukunft der Compliance, DICO – Deutsches Institut für Compliance e.V., https://www.dico-ev.de/digitaletransformation/ (21 August 2022)

6 Erwartungen an eine Compliance Funktion 4.0 – Thesen zur digitalen Zukunft der Compliance, DICO – Deutsches Institut für Compliance e.V., https://www.dico-ev.de/digitaletransformation/ (21 August 2022)



Visualize the relations.

Another important strategic exercise is **Stakeholder Mapping**. Ask yourself who else, apart from the sponsor, should be involved, and when? Just to name a few: End Users, Risk & Compliance, Legal, Data privacy, Developers, Communication, Management, etc. Missing out an important stakeholder may lead to delay and even disruption in the development process.

Think ahead and be prepared. Then it will be fun!

- Do a Business Case & ROI calculation and request sign-off! Be explicit on the benefits of the solution and the goal to deliver legal services better, faster, cheaper:
    - Better: Create more satisfied employees within the legal department. Satisfied and engaged employees create satisfied internal and external customers (including vendors and partners).
    - Faster: Shorten cycle times, e.g., through self-service.
    - Cheaper: Use labor arbitrage to reduce costs.

Critical Question:

What is the Business Case (incl. RoI)? Does the project have strategic value?

Keep in mind who benefits from the project and list positive effects for all stakeholders. How do the benefits translate into value, e.g., cost savings, improvement of quality of work, better risk management, knowledge management?

Expert Advice

Secure a Research & Development (R&D) budget for strategic projects in the legal department, especially around contract management. Contracts are the backbone of the business world. Legal enables contracting and contracts. Contracts contain critical and foundational data on the business partner and the transaction. If the company as a whole recognizes the opportunities offered by treating data as digital assets, then the legal department as well should be enabled to make the most of its own legal data. Legal then evolves from an internal service unit to a true business enabler.

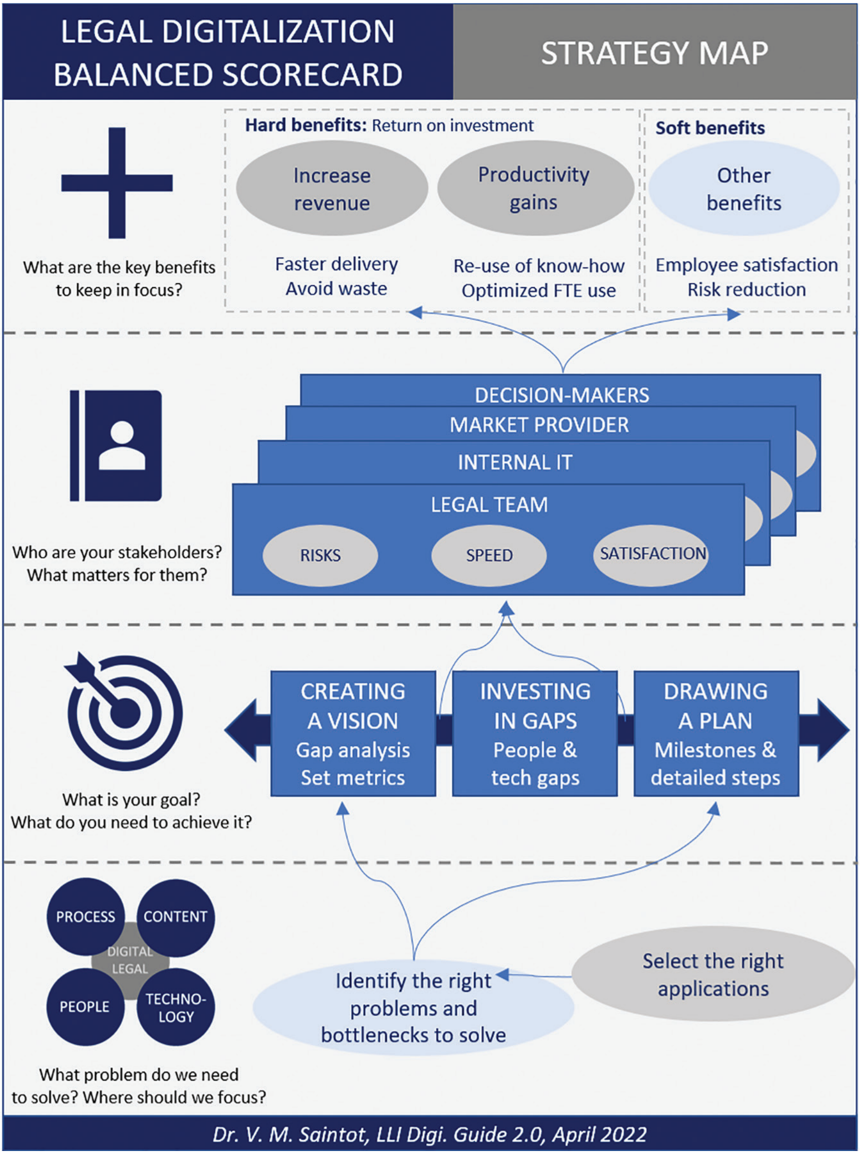
II. ACT QUICKLY AND DECISIVELY

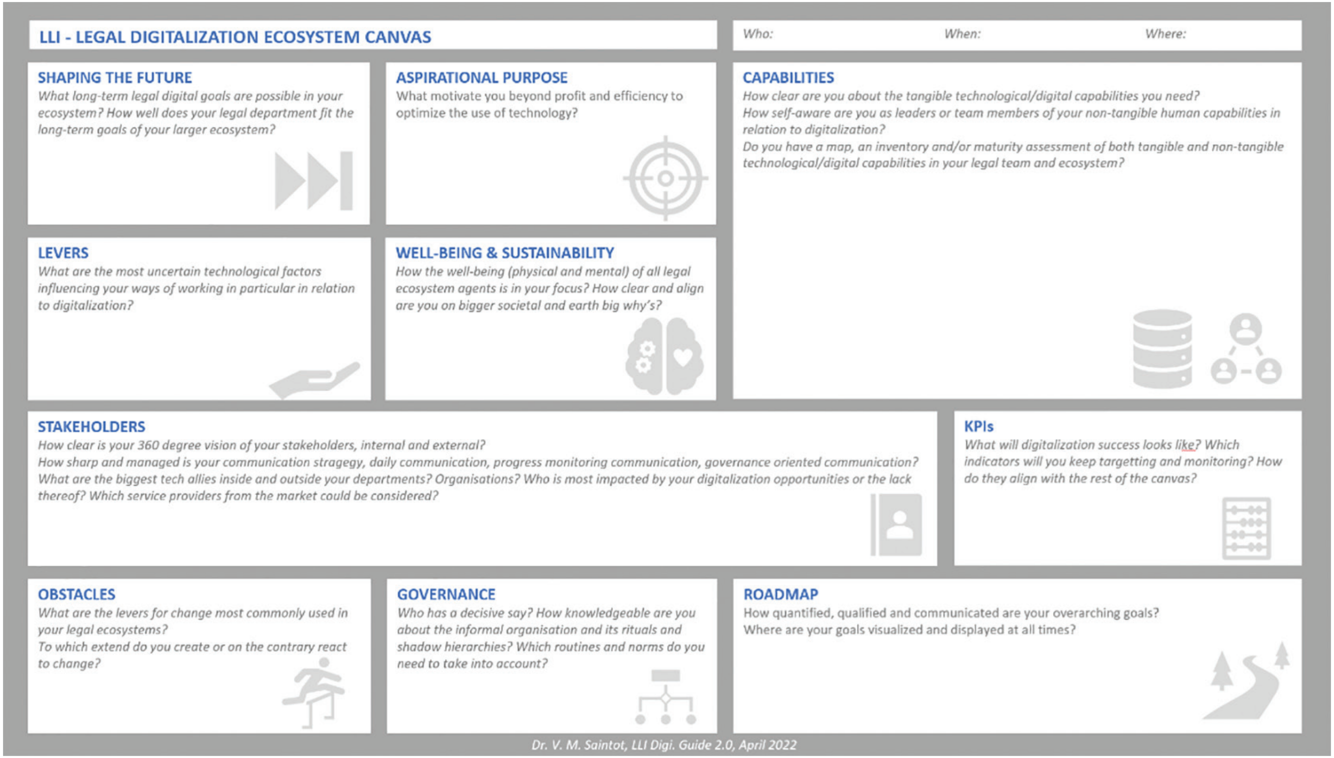
Once the preparations have been completed, the project can officially start. Keep in mind that digitalization projects must show quick results to keep the motivation and the support high. In our experience, it is better to make assumptions, act quickly and adjust the course, if necessary, rather than to invest endless time and resources to achieve perfection on every step on the way – digitalization is ultimately an iterative process. Nevertheless, one should be clear about the framework and the goal as well as the people to be involved. The following text and cheat sheets will assist you in this.

1. INITIATE THE PROJECT

When initiating the project, it is of great help to have an overview of the dimensions at play and keep this big picture up to date over time. Using the Kaplan and Norton balance scorecard is both a well-established model, and a convenient one for all stakeholders.

Working bottom up, the scorecard below is a generic example that can be tailor-made for your specific project. As you ask yourself the questions in each cluster, create the building blocks to manage your project and find the answers relevant to your ecosystem. You can add KPIs for the different objectives you are pursuing (remind yourself of the defined target state). You can also use it for monitoring progress and communicating achievements. You can conveniently reveal the "before/after" picture and create a "where from/where to" sense of direction with your different stakeholders, stimulating trust and confidence in the project.




LLI - LEGAL DIGITALIZATION ECOSYSTEM CANVAS
Who:
When:
Where:
SHAPING THE FUTURE
What long-term legal digital goals are possible in your ecosystem? How well does your legal department fit the long-term goals of your larger ecosystem?
ASPIRATIONAL PURPOSE
What motivate you beyond profit and efficiency to optimize the use of technology?
CAPABILITIES
How clear are you about the tangible technological/digital capabilities you need?
How self-aware are you as leaders or team members of your non-tangible human capabilities in relation to digitalization?
Do you have a map, an inventory and/or maturity assessment of both tangible and non-tangible technological/digital capabilities in your legal team and ecosystem?
LEVERS
What are the most uncertain technological factors influencing your ways of working in particular in relation to digitalization?
WELL-BEING & SUSTAINABILITY
How the well-being (physical and mental) of all legal ecosystem agents is in your focus? How clear and align are you on bigger societal and earth big why's?
STAKEHOLDERS
How clear is your 360 degree vision of your stakeholders, internal and external?
How sharp and managed is your communication stragegy, daily communication, progress monitoring communication, governance oriented communication?
What are the biggest tech allies inside and outside your departments? Organisations? Who is most impacted by your digitalization opportunities or the lack thereof? Which service providers from the market could be considered?
KPIs
What will digitalization success looks like? Which indicators will you keep targetting and monitoring? How do they align with the rest of the canvas?
OBSTACLES
What are the levers for change most commonly used in your legal ecosystems?
To which extend do you create or on the contrary react to change?
GOVERNANCE
Who has a decisive say? How knowledgeable are you about the informal organisation and its rituals and shadow hierarchies? Which routines and norms do you need to take into account?
ROADMAP
How quantified, qualified and communicated are your overarching goals?
Where are your goals visualized and displayed at all times?
Dr. V. M. Saintot, LLI Digi. Guide 2.0, April 2022

2. MAP YOUR LANDSCAPE, COMPOSE THE TEAM & SET THE SCENE FOR DESIGN

Once the rough roadmap is set, it's time to get more specific.

You can only really navigate if you know where you are and where you want to go. Ideally, you already have a landscape of your existing systems and a roadmap or priorities for projects or, even a full transformation strategy and plan. If you haven't, use the first project to start mapping.

Face reality.

The new tool must fit into the IT landscape of your company. Usually, you will not have the competence or authority to change the IT governance of your company and you will not be a priority on the IT roadmap – most surely not.

The landscape also helps to understand where you potentially need to or can integrate. Further it may give you options for where to extend further functionality. And finally, it also tells you where you need to procure something new.

True Story

Sometimes specific legal technology tools are needed to digitalize processes, but sometimes a glance at the existing standard is enough to find a quick solution. For example, for a long time, the company of one of our authors was looking for a tool that would visually represent complex contractual relationships. The goal was to enrich the graphs with tasks and deadlines and therefore provide project directors with an optimal tool for risk management. The team finally found a tool at a change management consultancy. When they reviewed it with IT, a member of that team discovered that something similar was already a Microsoft SharePoint feature. Now they are working on the customization of this SharePoint tool and can reach the goal with little additional investment.

When starting with your first project it is unlikely that you will fully digitize, digitalize and digitally transform your legal department or law firm. Let alone solve all your problems.

Available technology and the variety of problems are equally broad.

As you have seen in I.1.c "Think Holistic – Don't Overlook the Target IT Landscape" above, the variety of available technology based / digital systems and tools is broad – as broad as the variety of problems you may want to solve or the outcomes you may want to achieve. Tools and systems range from a contract management system, a matter management system, an outside counsel cost management system, a digital approval engine, a low code / no-code self-service tool, a ticketing / intake management system, an automated contract creation tool, an AI-based document recognition / analysis or, a due diligence tool for one time use – and there are certainly more. You do not know how to select the right platform? You might want to take a look at another LLI project: "Contract Lifecycle Management – How to select the right platform?".

The issues you may have and wish to solve may be: lack of transparency on outside-counsel cost; limited accessibility of contracts; non-transparent or slow approval processes; too much low value high effort work and too little time for high value strategic legal work; inadequate standardization; cost pressure; or resource constraints.

Compose your project team cross-functionally.

The broader the professional "DNA" the better. **Design together** with the in-house clients as partners. It creates community when you jointly strive to create something meaningful.

Expert Advice

Cross-functionality is a matter of diversity. More diverse groups achieve better results.

Give the project lead and the team a clear vision of the outcome.

That includes, "what good looks like" (aka KPIs). Be clear which problem you are all set to solve. Declare user experience a priority as otherwise acceptance fails. **simpler! better! faster! for the user.**

Make interoperability a must. And let them work from there…

… and stay in close and regular contact with the project (especially the lead) about the development so that you are able to provide feedback and adjust as may be necessary throughout the project. Be open also to new ideas and always check on user experience.

Expert Advice

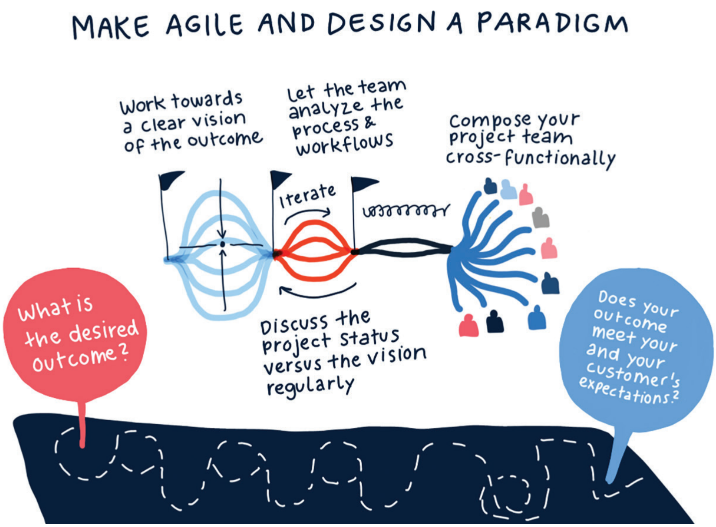
Get a dedicated project manager (lawyer). The project manager should stay close to the legal-management (team) and the project steering committee and continuously revalidate your mandate.

You cannot overcommunicate.

Spend time with the team to recalibrate the project work and discuss status versus the vision. Also regularly let project team members present to the legal team and in-house user teams.

(Let the team) Analyze the process / workflows relevant for the desired outcome. When you digitalize or automate an existing process, make sure you evaluate it and adapt it sensibly so that it really fits digitalization / automation.

Make Agile and design a paradigm: Design the new digital process using an **Agile / MVP approach**, i.e., design, test, and adjust in short intervals. Make clear that you will dare to launch at less than 100%.



Expert Advice

Don't copy and paste from analog to digital – **if you simply digitalize a bad analog process, you get a bad digital process .** For example, a digital signature process can obtain multiple signatures simultaneously and not one after the other as in an analog process.

3. DEFINE YOUR REQUIREMENTS, DESIGN THE SOLUTION & CONDUCT MARKET RESEARCH

When collecting **the concrete requirements**, check for consistencies with eventually existing solutions. And design it interoperablye, i.e., so that it can connect e.g., via APIs with other systems, or data can be extracted and combined.

Cluster your requirements.

This exercise will surely help you in the next project, too:

– **General requirements** that apply to all systems, where you have no choice. Those may include:

  (i) requirements that your company has in place such as general IT requirements, like "no-Cloud" or "no-on premise" software or security policies, including back-ups etc.,

  (ii) Certifications like ISO to be complied with

  (iii) legal requirements such as data protection regulations (e.g., GDPR) or jurisdiction (e.g., Schrems II),

  (iv) Business Continuity requirements (SLAs, back-ups, fall-back systems etc.).

– **Functional requirements** that specify which tasks a system or system component must be able to perform to ensure the desired outcome for the company or the user. Those may include:

  (i) Devices (of the user) on which the system needs to work,

  (ii) Browsers (of the user) to be supported,

(iii) Which existing system do you need your solution to interact with (e.g., ERP systems like SAP, Oracle or your electronic signature system),

(iv) Authentication methods (e.g., single sign on),

(v) Existing systems from which data are obtained and / or to which data flow,

(vi) Data points required for the solution as such,

(vii) Data points you need for calculation of KPIs,

(viii) Automation of reports and data extraction,

(ix) Dashboard for transparency and overview,

(x) Administration access / rights and in-life support.

Your **requirements are likely your selection criteria** for an external / vendor solution. Just **rank and weigh them, and that becomes your evaluation template**.

Expert Advice

You need to be able to define clearly what you want to outsource or buy "as a Service". Start small, e.g., with an NDA support, and define suitable KPIs such as "time to contract", and divide it in small chunks, so you can identify loopholes and time-savers.

Rule of thumb.

The bigger the project the more likely you will need your procurement department. Whether you run a *Request for Quotation* ("RfQ") with your procurement department or only conduct market research yourself and the project team will be a matter of your own philosophy and eventually your company's policy for the specific project. There are pros and cons to either option.

Beware of liking a legal tech provider's solution so much that you would like to have the problem yourself.

Whether you finally build your solutions in-house, buy something off-the-shelf or a customized product: **Ensure autonomy by making sure that after launch your solution stays customizable and adjustable.** Implement a "technical and maintenance governance" with clear responsibilities and Admin rights. For example, if you create a chatbot, you will want to have an option to add new questions and answers or adjust existing ones. If you create a contract self-service, make sure you can adjust the underlying templates and have a responsible person who updates and checks the service periodically for "still-fit-for-purpose". If you need help selecting a solution, you should take a look at the LLI project "Contract Lifecycle Management – How to select the right platform?"

True Story

The task force one of our authors implemented in his company a few years ago did not have clear goals and no concrete tasks. Thus, after a few concrete results in the beginning, the output diminished, and finally the task force dissolved.

Starting a year later the first project for concrete needs and solving specific issues with a clear time plan was set up – and completed successfully. The same company recently has dedicated resource within the legal team to manage digitalization and has implemented further digital solutions in dedicated cross-functional projects.

4. PROCURE AND INSTALL THE SOLUTION

"The global legal software (focus on machine learning) market is expected to grow from $0.33 billion in 2020 to $0.37 billion in 2021 at a compound annual growth rate (CAGR) of 12.1%. The market is expected to reach $0.95 billion in 2025 at a CAGR of 26.6%."[7]

"– By 2025, legal departments will increase their spend on technology threefold.

- *By 2024, legal departments will replace 20% of generalist lawyers with non-lawyer staff.*
- *By 2024, legal departments will have automated 50% of legal work related to major corporate transactions.*
- *By 2025, at least 25% of spending on corporate legal applications will go to non-specialist technology"*[8]

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[7] Global Legal Software Market Report 2021, The Business Research Company, https://www.researchandmarkets.com/reports/5446219/legal-software-focus-on-machine-learning-global?utm_source=BW&utm_medium=PressRelease&utm_code=5jgs9r&utm_campaign=1641542+-+Global+Legal+Software+Market+Report+2021+with+Focus+on+Machine+Learning&utm_exec=chdo54prd#product--description (21 August 2022)

[8] Mark A. Cohen: The Inevitability of Legal Industry Change Really?, Forbes, https://www.forbes.com/sites/markcohen1/2021/11/22/the-inevitability-of-legal-industry-change-really/?sh=3f13c4dd7e5a (21 August 2022)

For legal in-house departments and law firms, the classic software procurement options *Make, Buy or Lease* are still relevant. Fragmented IT infrastructures, company-specific product and service portfolios, increasing customer expectations, complex internal work processes, as well as a traditionally conservative mindset cause many General Counsels and law firm partners to continue to view the internal development of point-solutions and the procurement of best-of-breed software (e.g., for matter management and contract and document management) as viable options (see for example the LLI Project: "Contract Lifecycle Management – How to select the right platform?"). In addition, concerns about security and the especially high European data protection standards (see "Data Protection 4.0 for Industry 4.0", Axel Freiherr von dem Bussche, Taylor Wessing, LL 2[9]) loom large in the legal industry and fuel the desire for on-premises solutions (see "Top 10 Cloud Computing Security Concerns | RSI Security"[10]).

Stay competitive through outsourcing.

The market trend is clear: More and more legal inhouse departments are outsourcing service delivery to Managed Service providers and Legal Process Outsourcers (LPOs)[11] who use LegalTech to provide fast and standardized services at a low price. LPOs do not really compete with traditional law firms because they focus on *the business of law* (operational efficiency and effectiveness) and often do not provide actual legal services.[12]

Let go of old billing habits.

For law firms, digitalization thus means a change in the business model: away from the sole focus on billable hours to also offering standardized solutions and fixed-price projects, using client data and assets as enablers.[13] In future, law firms will concentrate less on selling legal knowledge and more on delivering legal business answers that require innovative thinking and creative solutions. They will be using digital marketplaces and platforms to collaborate with other law firms to provide

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9 Axel Freiherr von dem Busche: Towards a Common Legal Plattform, Data Protection 4.0. for Industry 4.0., Liquid Legal Institute e.V., 2020

10 Top 10 Cloud Computing Security Concerns, RSI Security, https://blog.rsisecurity.com/top-10-cloud-computing-security-concerns/ (21 August 2022)

11 Realizing the benefits of Legal Managed Services, Ernst & Young, 2020, https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/law/law-pdf/ey-realizing-the-benefits-of-legal-managed-services-july-2020.pdf (21 August 2022)

12 Legal Process Outsourcing, Redefining the Legal Service Delivery Model, Mark Ross, https://legal.cioreview.com/cxoinsight/legal-process-outsourcing-and-the-technological-revolution-in-legal-services-delivery-nid-4458-cid-65.html (21 August 2022)

13 Lucy Endel Bassli, Transforming Legal into a Business Savvy, Shifting Client Expectations of Law Firms: Morphing Law Firms into Managed Services Providers, 2017

a more holistic service portfolio and offer end-to-end services for increased customer satisfaction and enlarged client footprint.[14]

The power of community.

General Counsel and commercial law firms should make early and concerted efforts to establish common platforms and standards or at least recommendations for suitable solutions, e.g., through interest groups such as the *Association of Corporate Counsel* and the *Federal Association of Commercial Law Firms*. Such an approach allows forces to be pooled and may also solve data protection challenges and competition respectively antitrust concerns.

Know your tech.

Companies and law firms also need the appropriate know-how to work efficiently in such innovative technical structures. Lawyers can either develop the necessary complementary competencies themselves or hire additional resources and create a culture of cooperation on an equal footing.[15]

All you need is in the Cloud.

Given the rise of Cloud software and Managed Services, "installing" software may increasingly become a thing of the past. While even Cloud solutions can be slightly configured to fit customer-specific requirements, and while Managed Services can only be successful if the business goals and work processes handed over to the external provider are in order (otherwise, the old IT saying "*garbage in, garbage out*" remains true), the effort, time, and money required to "install" such external solutions are much lower than for on-premises software.

The use of simple and interoperable technical standards offered by Cloud and Managed Service solutions will be the basis for a solid Legal Information Management that enables in-house departments and law firms to provide clear legal advice and supports the business in achieving its objectives.[16]

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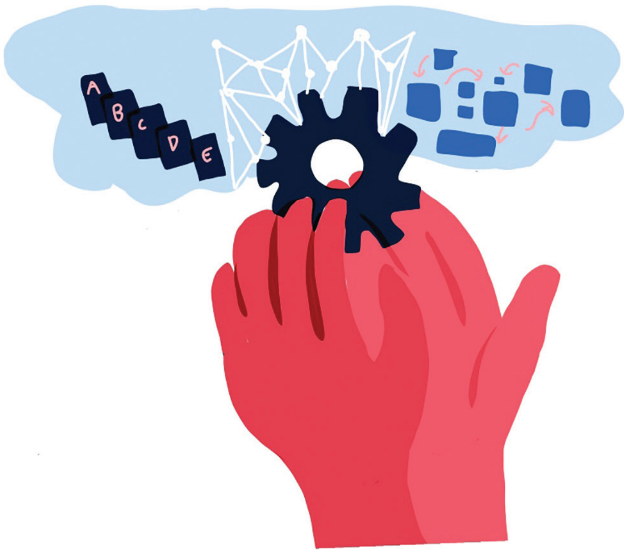
14 Barbara Chomicka: Towards a common Legal Platform, Let Me Have Men Around Me That Are Fat'. Using a Common Legal Platform to Expand the Legal Services Provider's Pie", Liquid Legal Institute e.V., 2020

15 Dr. Markus Sengpiel, Digitalisierung und Innovation in Kanzleien, Mindset und Kompetenzen für die Kanzlei von morgen, Claudia Schieblon, 2022

16 Kai Jacob, Transforming Legal into a Business Savvy, Legal Information Management (LIM) Strategy – How to transform a Legal Department, Liquid Legal Institute e.V., 2017



5. ONBOARD USERS, CONDUCT USER ACCEPTANCE TEST (UAT) & GO LIVE

"The Massachusetts Institute of Technology (MIT) argues that digitalization is less about technology than about changing the conditions under which people interact and do business with each other."[17]

"There is a nagging concern that technology is evolving faster than our ability to adapt it (…).; our own findings indicate that around 80% of technology investment doesn't deliver its full potential(…)."[18]

People are central to digital transformation.

Without users finding solutions helpful and easy to use for their daily work, the level of adoption of innovative technology in legal inhouse departments and law firms

17 "Call for Paper", Humanization and the Law, Liquid Legal Institute e.V., forthcoming Q4 2022

18 Accelerating growth through business model innovation – FFWD: Business model innovation, Kearney, https://www.kearney.com/web/ffwd-business-model-innovation/provocations/accelerating-growth-through-business-model-innovation (21 August 2022)

will stay low, and employees will find manual workarounds that reduce personal stress, thus creating multi-million-dollar software graves.

This interdependency of digitalization and humanization[19] is why onboarding users, conducting user acceptance tests (UAT) & preparing solid Go Lives remain relevant even when using Cloud solutions or engaging Legal Process Outsourcers (LPO) instead of buying and installing on-premises software.

The *ability to adapt* is key.

Just as in house legal departments and law firms must embrace digital transformation, new hires and existing employees must understand that they, as well, must change their working habits and accept innovative practices. Cloud solutions are beginning to dominate the software market *because* they are more standardized, faster to use, and easier to maintain and update than on-premises solutions.

Similarly, legal professionals must be willing to use technology to collaborate more with others, accept a higher transparency of their job performance, and practice Agile working methods to advance their careers and contribute to company growth.[20]

Promote the right mindset.

Pre- and post-going live, the different mindset required for leveraging innovative technology must be communicated and promoted.[21] The ability to manage technical innovations and cultural change will be one of the characteristics of sustainable inhouse departments and law firms.[22]

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19 Fritjof Nelting, Gezeitenhaus, Lawyer Well-Being, Health Compass for Attorneys, Liquid Legal Institute e.V., 2022

20 Quentin Jadoul, Dániel Róna, Arsen Storozhev, and Alexander Sukharevsky, The five core IT shifts of scaled agile organizations, McKinsey, https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-five-core-it-shifts-of-scaled-agile-organizations (21 August 2022); Dr. Dierk Schindler, Towards a Common Legal Platform, The New Legal Is Agile and It Has a New DNA, Liquid Legal Institute e.V., 2020

21 Arne Byberg, Transforming Legal into a Business Savvy, Change Management for Lawyers: What Legal Management Can Learn from Business Management, Liquid Legal Institute e.V., 2017

22 Rich Hutchinson, Hamid Maher, Romain de Laubier, and Tauseef Charanya, How to Build a Corporate Sustainability Agenda, BCG, https://www.bcg.com/de-de/publications/2022/building-blocks-of-corporate-sustainability-agenda (21 August 2022)

III. THROUGH TRIAL AND ERROR TO SUCCESS

Even if your project does not immediately achieve optimal outcomes or even "fails" with regard to specific goals, such initial failure does not necessarily mean the whole project will collapse. The good thing is: If you chose an Agile project management system at the beginning of your digitalization project, if you fail, you will fail at an early stage. This is the huge advantage using Design Thinking methods we mentioned at the beginning of our guide: always try new ideas by building simple and cheap prototypes and go into testing with relevant stakeholders.

Advance through errors.

The results of those tests show you what works and what does not, and the feedback of your test partners gives you new ideas how to improve your prototype. This prevents you from failures at a later stage of the project as you can adjust or remove functionalities or solutions that do not work or do not solve a real problem. An Agile project management that includes continuous adjustments and course corrections portends well for successful digitalization projects! In the unlikely case that your digitalization project failed at the end even though you used prototypes and did interim tests, do a post-mortem – ask yourself why it failed. These learnings can contribute to the success of the next projects.

1. SUPPORT: TROUBLESHOOTING AND THE STABILIZATION OF CHANGE

A newly launched digital solution or service, even if it includes a redesigned and appropriate process, is not a self-fulfilling prophecy. It is very likely that questions will arise within the user group. These may be questions about effective use and optimized handling, questions about functionality or error handling regarding functionality or the technical infrastructure. Let's differentiate:

a. **Troubleshooting** mainly as fast and immediately needed support in the sense of functional or technical help. Troubleshooting brings quick responses and help. For example, a user can't find or doesn't understand a specific function in a tool. Or the user faces technical difficulties, because the software or the IT infrastructure around the tool is not working properly.

b. **Support** in the sense of stabilizing the targeted change goals of the digitalization project. Stabilizing change means to make sure new procedures stay permanently, so that the re-thought ways of working become a new habit and change mindset. Even professionally executed digitalization projects fail after some time, as the hoped-for success does not materialize. One frequent reason for failure is the lack of support for the permanent anchoring of the changes initiated by the project. Support in the sense of stabilizing change can be planned in advance and extends through the mid- or long-term. Change has to be managed.

Enhance the unexpected.

New or further requirements and ideas will occur within the group of users, for example how to use the launched solution in enhanced ways or for further use cases. The channels for support can easily be used to record such requirements and ideas if the corresponding roles are told to do so. Analyzing such feedback can be a pretty cheap data foundation for continuous improvement of the digital solution.

Before describing some ideas that are considered widely established, it should be noted that the approach tends to be from a large-scale view. Nevertheless, the ideas can also be applied to comparatively small projects and launches, even if this may mean that various roles may coincide in one person.

a) Troubleshooting

In order to offer quick help, users must know where or from whom they can find the necessary information.

Create a who's who of support.

If already in place, it may be a good idea to train your IT help desk or hotline to answer frequently asked questions and help with basic issues (1st level support). The IT help desk is usually where more complicated problems can be forwarded to the next level of support (2nd level support), which could either be a designated power user or, in case of technical problems, the IT department or system administrator. If the external solution provider has a hotline that can be used by all users, it may also be a first level of support. Take note: Some providers only allow support for the administrator roles so that it's rather a 2nd or 3rd Level of support for you.

Make the support detectable.

In any case write down valid contact details depending on the issue or support level and make sure that every (new) user has it in mind and finds it if needed. Troubleshooting should give the feeling of a quick and useful response. It should have sufficient capacity to provide help and work out issues within a reasonable timeframe to enable effective use. But you should expect increased support request volume, especially at the start of a rollout. A quick response to questions and problems has a decisive influence on user motivation and the feeling of user-friendliness of a solution.

Important roles you should establish for troubleshooting:

- **Centralized support contact** (1st Level Support): For example, a hotline or a helpdesk as central point of contact can be established for questions or problems. From here, you should set up a reliable communication channel to further support in case of more complex problems (see 2nd and 3rd Level support).
- **2nd and 3rd Level support** for complex problems: Depending on the issue it can be a deeply trained power user or IT department, or external support of the software and service providers.
- **System administrator** (Admin): They have the rights to manage access to the software (users rights and roles, licenses if applicable), usually configures the more technical parts, performs updates, etc. The Admin role is usually close to or part of 2nd / 3rd level support, but has specific rights and is critical for IT security, which is why it is listed separately.

b) Stabilization of the Targeted Goals

There is another role that completes the list of supporting roles. It is usually not directly confronted with troubleshooting in the former described manner, but can be supportive with stabilizing the targeted change goals and their further development on the long run.

- **Product Owner / Communicator with Authority:** The role can be the promoter of the digital solution after launch and the entity that takes care of a stable integration into the internal processes. Note that the necessary processes for effective usage need to be developed during the project phase before launch as well as high level questions about usefulness and usage. The role should listen to the 1st level support summary of FAQs and user feedback, and gather information on whether further training is needed or strategic questions about different types of usage have arisen. The product owner has an overview of the commercial issues and budget both internally and to the external vendor. The role may also be the one to suggest terminating the solution or switching to another solution.

Support is not only necessary during the intensive phase before and after Go-Live, but also ensures progressive usage, the resulting advantages and the achievement of the targeted digitalization goals, at least in the medium term.

Change requires stabilization.

Before announcing the project as complete, consider it an essential task to schedule several short phases to solidify the new processes and ways of working as a new "habit".

Here are a few ideas for how to stabilize the change to a new working habit and prevent loss of momentum:

- It might be useful to **schedule several open coaching sessions in intervals** after the launch for the entire user group to provide a specific **platform for questions**.
- Nominate a motivated colleague who is well trained on the tool and skilled to be **the internal multiplier** for knowledge sharing about how to use the tool.
- **Plan topic-specific meetings** on the digital solution and related processes (keeping in mind that the process usually does not end at the end of a digital tool's lifespan. The results are rather passed on to other applications, colleagues, etc.). Those meetings could be arranged by the multiplier together with the product owner, and the communicator with authority can invite needed experts depending on the topic.

– **Bring the user group together in longer intervals** (e.g., semi-annual or annual) and ask them to share experiences and problems. Listen carefully if there is a need for further refresher or advanced trainings and individual coaching. This meeting could be accompanied by the product owner / communicator with authority to manage the high-level view. By the way, this is an easy opportunity to collect requirements and change request to be addressed by the software provider (see also Chapter 2: Enhance product / Service).

– User meetings can be used to **ask for ideas for different and further variations of how to use** the solution or application and if it seems appropriate create a prototype and test it together.

Communicate the roll-out internally (and externally) while launching a solution. Also, think about frequent communication later on, e.g., about first successes and experiences of innovation. When communicating, pay special attention to the group of users and their work in order to motivate them and others to follow the initiated change.

Don’t stop it now.

These are just a few examples and an individual interpretation based on the requirements and goals of any specific project that might be a sure way to success. But keep in mind that strategically correct goals, good project management and intuitively usable software are only half the battle until a successful launch.

Digitalization projects are change projects and often fail completely or partially in the medium term if no stabilizing measures are taken to maintain the new mindset and the motivation of users to continuously commit to the implementation of the new way of working. The new “habits” need time to materialize and will expand the timeline and the budget of your project. However, a lack of attention to stabilizing the change that needs to take place in each individual head and the collective consciousness will definitely cost you more.

Expert Advice

A person's name should be behind every role of support, but not every role has to have a different person's name. In short: the minimum can be to give responsibility for all roles to one person. Make sure to empower the person(s) with enough capacity, competencies, and decision-making authority.

Stabilize success: Ask yourself: Are there sufficient opportunities after successful launch for all involved colleagues to repeat new working methods, structures, and processes and, if necessary, get further training or specific coaching? And also to test and experiment in different variants or situations in a safe sandbox? Are there answers to motivational and communicational aspects in the mid-term? Establish a platform, e.g., repetitive user group meetings, to share experiences and find out needs of the group.

2. ENHANCE PRODUCT / SERVICE

Enjoying a successful step of digitalization is great; however, the path does not have to end after launching a digital solution and connected processes. Think digital transformation as a cycle process of continuous improvement to upgrade your business in frequent intervals and stay ahead with digital value creation.

Stay connected and have a strategy:

- **Engaging internal user groups** (for inspiration of user group meetings see also III.1. Support: Troubleshooting and the Stabilization of Change), exchanging experiences with other customers, and forwarding requirements and change requests ("backlog") back to the vendor to help designing the product's future roadmap are the best ways to enhance the product and secure the long-term success of your project.
- **Improvement on the operational level** is important, but there must be a vision and a strategy beyond the well-defined and already implemented use cases of digitalization. Make sure the landscape of digitalization is part of your strategy map of your department or business. Over the long term, you may want to take even more disruptive steps in using legal technologies, but this needs to be conceptualized and planned.

Expert Advice

Think digitalization as a process of continuous improvement. Establish possibilities to gather ideas of optimization and further usage of implemented tools. Ask your provider for specific product improvements and collect the needed change requests.

Create a vision and a strategy for further digitalization of your business. Get inspiration by participating in legal technology initiatives, think tanks, conferences and events. Multiply your knowledge through sharing and communication.

3. MANAGE SUCCESS

Quick successes are nice and definitely to be aimed for. Ultimately, however, the long-term benefit of digital tools is decisive, (where "long-term" is not 10 years, but rather 2 to 3 years). By then, new tools will be on the market and the technical solution once found will have to be questioned critically.

In order to achieve short- or long-term goals, it is always necessary to provide personnel capacities in the legal department as well as in other departments involved, in addition to the investment in the technical solution. This should be pointed out in the project application and perseverance should be encouraged.

True Story

In one of the authors' company, for example, the introduction of a text recognition tool failed because of a decision by the accounting department. It was involved in fine-tuning of the tool to adapt the output to its needs. Accounting made the erroneous assumption that, after activating the tool, it could be used without much effort and could still deliver usable results. When the tool was introduced, expectations were raised that could never be fulfilled and which ultimately led to the failure of the project.

Exercise perseverance.

The target KPIs mentioned in the target definition must always be monitored and reported to the project owner (in case of doubt by the General Counsel). Perseverance is of the essence as well, as the KPIs may not be achieved immediately. It is always important to remember that you are entering uncharted territory and the assumptions were based on theory, which is now being backed up with practical experience.

All stakeholders must be willing to continuously challenge and adapt the tool and the new ways of working. Here, the theory becomes practice. At the beginning, you only know the goal and think you know the way. But now you are learning what the path actually looks like. Every introduction of a new digital tools requires an iterative approach.

Everyone involved must be open to new things and willing to learn.

The decision-makers / the C-level must be willing to invest, because, ultimately, it is there that the success of the tool will be decided. Therefore, from the beginning, expectations must not be set too high and perseverance must be promoted.

- **Improve time-to-value**. The sooner you are fully operational, the faster you can demonstrate the value and a positive ROI of the project. This is usually by the end of the first period (subscription, contract year, or internal review-cycle).
- **Reflective questions**: *How many requirements were adequately implemented? Does the solution increase work efficiency? How satisfied are the users? How much has the user experienced improved? …*

The future is NOW!

One way to characterize the digital era is that it already holds the future within it. Somewhere in Big Data and the virtual networks float the answers to unasked questions, emerge the solutions to unknown problems, and await technologies for their unimagined applications. It takes entrepreneurial spirit, and a considerable amount of enterprise resources to ask the right questions, identify the right problems, and apply the right technologies. The Liquid Legal Institute is here to help.

IV. ABOUT OUR SPONSOR

Sandline

Sandline Global is a legal IT consulting firm specializing in iManage and eDiscovery. With our global network of offices and data centers in Frankfurt, Washington D.C., New York, Taipei, Dubai and Karachi, we implement iManage projects in law firms and in legal departments with our local expertise. The projects are complemented by our Litera partnership, where we provide ideal automation and support to professionals in their daily tasks.

In perfect symbiosis with imanage and the iManage Cloud, our IT – Forensics experts are also a leading global mid-sized consulting firm for end-to-end eDiscovery requirements, be it internal investigations of any kind, the preparation and analysis of data by multinational teams or the identification of facts in internal investigations through the interaction of artificial and human intelligence.

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VI. ANNEX

Interview answers were not changed or shortened, original wording kept as is.

▶ **How to master digitalization in the legal market – best practices from 20 years of experience with Ralf Kaiser.**

Ralf Kaiser and his team at Sandline have been active in the German-speaking legal market for more than 20 years. As the first iManage partner in Germany and followed by a decade as CIO of one of the largest law firms in Germany, Ralf Kaiser looks back on a very broad national and international experience in legal IT. With Sandline Global, Kaiser, as Global CTO and Managing Director of the German company based in Frankfurt, is one of the most renowned experts and consultants in the legal IT, eDiscovery, iManage and Litera environment.

For today's interview, we took the liberty of looking back and forward to digitalization in the legal market.

▶ **Mr Kaiser, in your last 20 years you have seen legal IT in Germany and Europe from many angles, so tell us what has shaped you and what you do.**

Kaiser: 20 years is a long time, especially in IT, but let's say this much: even today, despite digitalization, not everyone has parted with the dictating machine with micro-cassettes – and that describes somewhat with a twinkle in the eye how IT and lawyers come together. Currently, one can already sense that the "deficits" of the last few years are being rapidly made up for. The Cloud is here to stay and will continue to make strong inroads, even and despite the ambiguous legal situation (e.g., by the legal bar association). When I look back at my more than 20 years of history, I see that the topic of IT has become better positioned in law firms and also in legal departments.

▶ **How do you explain the fact that IT now has a higher priority?**

Kaiser: Well, there was and still is the pandemic – at first it was a burning glass for IT deficits – suddenly documents had to be driven to the various home offices by taxi. The priority of a document management system had changed overnight. Then, however, the IT infrastructure also had to stand firm (just think of the days when the whole world had virtually ordered notebooks...). All in all, this had a lasting effect on law firms: Before that (disclaimer: of course this does not apply to everyone in the market and explicit statements here are somewhat exaggerated), IT was rather a topic that was equated with the coffee machine – it had to work and you noticed the failure when it was there.

▶ Would you say that budgets and IT priorities also have a different status?

Kaiser: Yes, absolutely. There are and were of course IT – responsible partners and management committees in the larger law firms and DAX groups that explicitly deal with the digital strategy of the unit – and that is much more from Legal Tech in a nutshell. The centralization aspects are being massively driven by the Cloud but also by IT – departments with the corresponding expertise – but also because the operation of applications such as a practice management system in conjunction with a document management system are also no longer a science – the interfaces are, the manufacturers have adapted to the new IT – world order and create direct interfaces to e.g., Microsoft Teams etc.

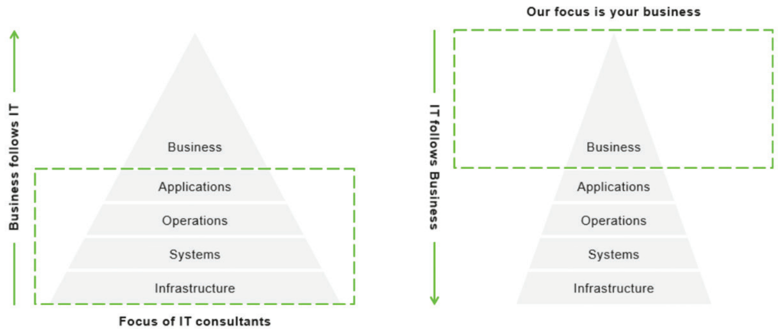
▶ That implies that IT operations have "become easier"?

Kaiser: Absolutely not! It may be true that no one really screws around with a soldering iron on a server anymore and that applications in your company have also become much better (what times were those when the first SQL databases came into the company, or remember physically wired telephone systems). On the contrary, the diversity of possible applications for use cases is growing dramatically (just look at the number of apps). This means that those responsible for IT in the legal market are confronted with enormous pressure to digitize, which can mix with the "war for talents" and their requirements for "new work" and IT security to form a chaos.

▶ What would you say is the highest priority right now?

Kaiser: I think it is extremely important to put the map of IT and digitalisation on top of each other and to define the priorities. The topics of IT security and IT operations, also with regard to the necessary resources, are important elements of the concepts. It's about the 360 degree view. In my consulting mandates, my team and I first analyse the IT situation – this concerns systems, applications, but also, as a very central element, the strategy of the unit. Strategic decisions in particular entail enormous IT requirements – whether in terms of new geographies or language and availability requirements.

Our approach: IT follows Business



Sandline

And then, what's next?

Kaiser: After carefully recording the requirements, it is always very important to me to show the decision-makers in the respective committees what possibilities and use cases there are. In doing so, we like to try to separate the wheat from the chaff, since many applications in our legal market are often more on the sales-effective level than on the technically usable level. It's about identifying the real use cases and then, in the next instance, being economical with the solutions that you use internally. Of course, today advisors have to respond to very broad requirement profiles of their projects. Coming from the top, we try to unite IT with business with our clients.

So, this again sounds very complicated, no?

Kaiser: Well, it may sound complicated and overwhelming, which it is if it's put on in the wrong place. We very often experience that IT decisions are driven by IT priorities. That means that IT circles often turn into projects out of dependencies – e.g., an update of a software with its holistic effects. This is a bit of a dead end, because then you usually become the driven one. In our customer scenarios, we also often experience the "we just have to do it" attitude, which regularly blocks the path to innovation paths, because people then tend to stay with a provider out of fear and risk management considerations, rather than asking the market for innovations.

It sounds like you have a clear recommendation?

Kaiser: Yes and no, with me leaning toward yes. It is important that there is clear accountability – a board that is also not just concerned with IT and or legal tech, but includes all areas of the unit (BD, HR, marketing, finance, and the consultants themselves, of course). We see, especially with the strong influence of Microsoft 365, currently still "island projects" where one can deal with the project alone, completely detached from the other processes in the unit.

Ralf Kaiser

LLI LEGAL DIGITALIZATION CANVAS

The TAF canvas *so digitalization is fun not tough ;-)*

THREE CRITICAL DIGITALIZATION ACTIVITIES FOR LEGAL

I - THINK
critically

1. MINDSET

- Go for long time benefits
- Recognize what the client values, generate value for your business
- Create a landscape of interoperable system
- Create an environment that lets people grow

2. PAIN POINTS

Which collaboration technique fit your needs best?
Use collective intelligence
(workshops, interviews, etc) to identify and own pain points with adequate height and distance.

3. TARGET STATE

IDENTIFY QUICK WINS

- Identify stakeholders
- Mind **K**ey **P**erformance **I**ndicators
- Think big and scale, but start with **M**inimum **V**iable **P**roduct
- Avoid the chicken-egg-problem
- Avoid “Death by PowerPoint”

4. SECURING SUPPORT

1. What is the Business Case (incl. ROI)?
2. Do you have the human and financial resources to realize a **Proof of Concept**?
3. Search for sponsors whose (strategic) goals match with your idea
4. Set path with a project charter

II - ACT
quickly and decisevely

1. PROJECT INITIATION

- Scoping & objectives
- Project planning & resources
- Empower teams

3. ANALYSE LANDSCAPE

CMS ERP

- The new tool must fit into the IT landscape of the company
- analyze the processes relevant for the desired outcome
- agile / MVP approach

2. REQUIREMENTS & MARKET RESEARCH

Define requirements. **Make, buy or adapt a solution?**

FUNCTIONAL

- Devices, browsers, existing systems to be supported
- Existing systems from which data are obtained and/ or to which data flow,
- Data points required for the solution as such, Data points you need for calculation of KPIs or reports
- And many more…

GENERAL

- IT requirements, like “no-cloud” or “no-on premise” software or security policies, including back-ups etc.
- Certifications like ISO to be complied with
- legal requirements such as data protection regulations (e.g. DSGVO) or jurisdiction (e.g. Schrems II),
- Business Continuity requirements (SLAs, back-ups, fall-back systems etc.).

4. PROCUREMENT

IP issues, e.g. data? Cloud or on-premises? Best ROI?
… and letting go of old billing habits

5. ONBOARD – TEST - GO LIVE

Plan to COMMUNICATE

4 ACCEPTANCE CRITERIA

Effectiveness, Efficiency
Usability, User experience

FEEDBACK

Be clear how you will harvest and use feedback

III – Trial and Error
to success

1. TROUBLESHOOTING

- Watch users interacting with the system, encourage people to provide feedback
- Provide questionnaires, multiple feedback channels, incl. hotlines, forms, e-Mail, surveys, messenger channels
- Nominate team members as internal multiplier for knowledge
- Keep your backlog and open issues list up to date.

2. SUCCESS

1. How many requirements were adequately implemented?
2. Does the solution increase work efficiency?
3. How satisfied are the users? How much has the user experienced improved?

The sooner operational, the faster the value shows.

3. ENHANCEMENT

Monitor impact, track the needs for improvement and periodically discuss your findings with your team and the vendors.

AFTER IS BEFORE

Dr. V. M. Saintot & C. Kothe – LLI Digi. Guide 2.0, September 2022