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INDUSTRY INTERVIEW

AI on the prize

Pat Archbold, VP of risk management, Intapp, and Chris Laws, global head of compliance and supply product development, Dun & Bradstreet, outline a new era of collaboration between the two businesses, and explain how law firm risk management helps drive profitability

Automation in the right areas remains one of the great untapped opportunities for legal business. **Briefing**'s Legal IT Landscapes 2018 research asked readers how automated, on a scale of 0-10, they thought current workload was at their firms overall. The answer? A mere 3.1. However, asked how automated their firms could potentially make themselves with technology that's already available (using the same scale), they responded with an average score of more than double that: 6.8.

In an increasingly competitive legal market, firms can either choose to embrace automation or be left behind. Companies such as Intapp and Dun & Bradstreet are partnering to provide law firm clients with a more automated, and therefore efficient, approach to taking on new business, managing financial risk and guiding firm strategy.

It's the basis of a new phase in the pair's relationship. Pat Archbold, VP of risk management, explains: "The power of aligning process and content is hugely valuable for firms that are looking to guide firm strategy more proactively to compete in the next decade. So many of our clients need Dun & Bradstreet content for things like corporate family tree linkage to manage risk. Increasingly firms are also leveraging beneficial ownership, financial stress, adverse media and other insights to make better business decisions. Unfortunately, with many bespoke systems this required complicated technology integrations that take time to build and are expensive to maintain."

Chris Laws, global head of compliance and supply product development at Dun & Bradstreet, adds: "Our partnership with Intapp enables joint clients to have Dun & Bradstreet corporate hierarchy and detailed business information, from our 284 million-record global database, immediately available in their own familiar workflow within the Intapp platform, with no need for custom development or logging in to another system."

Deal or no deal?

Archbold says that improved access to data should support more strategic risk planning – a growing trend among law firms. "Risk management is no longer about checking conflicts of interest after a lawyer engages with a prospective client. Risk departments are now directly impacting the firm's bottom line by proactively exploring potential engagements and running conflict checks to clear

Left: Chris Laws, global head of compliance and supply product development, Dun & Bradstreet. Right: Pat Archbold, VP risk management, Intapp

the way for lucrative work. By leveraging and monitoring the Dun & Bradstreet data directly into their onboarding process, firms can analyse and identify any potential conflicts of interest." The risk team can step in at the right time, and manage practice heads in the right directions for the greater good of the firm.

He continues: "To be truly effective, risk management professionals need to help their firms make the right decisions to achieve the best level of profitability on any particular piece of work. Does the client align with our strategic direction? Will we get paid? Are we pricing this matter correctly? Will this create future business conflicts? These are all questions that need to be answered when new business is being reviewed. Without the right data, these questions are challenging to answer."

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Dun & Bradstreet's data, he explains, helps to get these key decisions made as early in the prospecting process as possible – which also improves the personal efficiency of each fee earner. "If it's pre-cleared, lawyers can proactively chase work they already know they can take on in practice, rather than wasting time on what won't materialise," he says.

A related risk is failure of internal communication at the firm. In May 2017, Intapp launched its new experience management system – Intapp Experience – in a striking bid to capitalise where client relationship management has failed.

"Firms capture incredibly valuable data throughout the matter lifecycle as they complete intake forms, enter time and analyse new business. Unfortunately, most of that data is never leveraged or accessed other than to send a bill out. By providing a correct picture of the firm's breadth of experience and costs for specific types of engagements and jurisdictions, firms can really improve the odds of winning work that's most profitable." Using Dun & Bradstreet's corporate family tree data helps to stitch together the internal knowledge and relationships that have produced success on similar matters – the

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combinations that should have most leverage now and in future.

"But the point," says Archbold, "is to avoid relying on lawyers to volunteer their most valuable information. These are highly valuable resources that shouldn't have to complete administrative tasks. Passively capturing information as lawyers complete regular matter activities creates a powerful set of data. When lawyers can quickly identify internal experts to help win deals and access accurate matter costs to price deals more intelligently, they begin to share more data anecdotally."

This data can also be leveraged to improve the integration of strategic lateral hires into the firm – itself another category of law firm risk. If the expertise of a new lateral were proactively presented to other lawyers as they were pitching new business, the lateral integration would take care of itself, he says.

Laws adds: "Even if an onboarding decision doesn't break a rule, it could pose a credit risk or generate reputational concerns. Without using data and analytics to conduct due diligence, your odds of a mistake increase. And gathering the information that determines an accurate level of exposure in an efficient way is challenging when it resides in multiple locations."

A single source of information offers other significant benefits, including resource allocation. "By using third-party data and automated workflows, skilled employees can focus on client-facing work rather than completing manual, information-gathering processes."

Archbold continues: "In the past, conflict reports would be put on the fee-earner's desk, but it's now transitioning into a far more sensibly centralised function. The impact on overheads is obvious. Every minute I save a fee earner can be invested in business development, mentoring or billable work to improve the bottom line."

Dream machines?

It's almost inevitable that the question of smarter resourcing also raises the topic of artificial intelligence. And for the world of risk management, says Archbold, it's a game-changer.

For example, Intapp has already embedded AI in its product which analyses clients' terms of engagement. "Humans simply don't need to read 200-page documents that will have different provisions, but are largely about similar things. It's a fantastic use case, and proving hugely beneficial already. AI is a great fit where you have a fairly repeatable process and consistent good data."

As such, conflict-checking also shows early machine-learning promise, he says – and Intapp is working with some global firms to that effect to automate initial summaries for certain types of matters. Archbold says: "Imagine you could have a machine analyse time entries to understand tasks, phases and costs. Imagine having a machine analyse all your matter data to identify similarities and help you deliver better outcomes to your clients. No need to imagine. You can do it today.

"AI is not as early in the journey as some in the industry appear to think. It's here today, and firms should either get on the bus or get left behind." His example of checking terms is seeing an acceleration of up to 66%, he says. And the biggest impact may be seen in dealing with clients' billing guidelines, "where firms are automatically detecting billing requirements and passing them directly to the time-entry system to avoid write-offs. This is happening today."

The potential of Dun & Bradstreet's data can benefit the bottom line as well – for example, the way client credit behaviour can be factored into decision-making (for example, the suite of D&B Credit solutions). "Impacting the realisation of a firm by just 0.5% can mean a difference worth millions of pounds. It's money that's just falling through the cracks," says Archbold.

"Lawyers desperately need to be led through the factors that mean a deal or client just isn't as great as they think," he says. And Intapp has developed its own risk-scoring methodology for onboarding, which takes in work type and value, but also Dun & Bradstreet's proprietary scores.

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PHOTO CREDIT: SIMON BRANDON AND JOHN WAGNER

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For more information, visit: www.intapp.com and www.dnb.co.uk

financial risk or forcing action at particular spikes and debt milestones."

Laws continues: "The benefit of integrating data into workflows is that risk isn't always identified upfront, and indeed the risk may not exist at the point of onboarding. A lawyer may have already started on billable work – then something changes that means a need to pause or change course to limit credit, compliance, or reputational exposure." Here the situation needs to be rigorously monitored, with the most appropriate risk data available at the right time.

"In a firm with thousands of clients, the credit team is unlikely to have full visibility of everything that changes every day. And it only wants the client-management team alerted to the things that matter – a drop below a certain acceptable threshold or other red flag."

And Archbold points out that diligent monitoring of data can highlight emerging opportunities as well as changing risk parameters. "A client acquisition of another business, for example, can kick a notification to the risk department that a structure has changed and to check for conflicts, but also provide insight into new revenue opportunities."

On the money

Another possible flag is where a beneficial ownership level changes, impacting a firm's compliance with anti-money laundering (AML) regulations. In early 2017, Dun & Bradstreet also launched a new Beneficial Ownership solution, now the world's largest database of its type, covering over 94 million companies.

Laws says: "This uses technologies like those behind social-media platforms to identify complex, sometimes very unobvious, relationships between people and businesses, and applies them to complex corporate data sets. The aim is to identify the ultimate beneficial owners who have 50% or 25% share ownership – which is often quite complex to track down, and often the result of organisations structuring themselves to create less transparency." This can enable identification – where it's available – in seconds rather than hours, he says. "We're also doing a lot of proof-of-concept work on machine-learning engines to identify new use cases that would provide even more value."

Money-laundering checks should continue to be a key area of risk-management concern for firms in 2018, according to the Solicitors Regulation Authority's latest risk outlook. But on the other hand, they're also another resourcing issue that could generate welcome efficiencies.

Archbold explains that if firms have calculated a reliable AML risk score for work, they can decide whether to outsource it to one of a new breed of UK 'centres of excellence' – in Belfast or Glasgow, for example – or send it elsewhere.

"They can use the score to monitor AML staffing needs over time, and route requests in different directions," he says. A high-risk matter might need the dedicated attention of the firm's head of compliance, for example – whereas simply confirming an entity is a listed company can be left to an admin team.

Again, the bottom-line impact is clear. "Assess your risk accurately, and cut a million pounds from the budget," says Archbold.

Another option is to outsource the due diligence entirely as a managed service. Certification effectively provides assurance that somebody else has it covered. Archbold predicts a rise in the number of large firms looking to the centre-of-excellence model, with managed services managing to mop up a notably risk-averse mid-market.

Laws adds: "The biggest challenge is keeping pace as regulations and guidelines in the world of AML and Know Your Customer (KYC) compliance keep evolving and tightening. Instead of pulling a basic report, or placing a tick in a box, firms need to go deeper into the available information to ensure a more detailed and transparent view of their business relationships and decision-making process is available."

It also means yet another opportunity for the power of automation to prove itself in business-critical areas of a law firm's business services.