

KICKSTARTING INNOVATION IN THE LEGAL DEPARTMENT



By Pablo Fuchs

From a practical perspective, there are few things that can make corporate counsel more efficient and effective in their jobs than technology. Just ask Catherine Chow. As Director of Legal Services for Keg Restaurants Ltd. in Burnaby, B.C., she spearheaded the creation of a risk-management web page through which employees can report incidents or claims against the restaurant chain that has made a big part of her job much easier.

Traditionally, if there was a guest incident or an insurance claim that happened at a restaurant, you wrote it up on a piece of a paper, which was then emailed or filed somewhere, and then it could've been misplaced or forgotten about. And that piece of paper may or may not have all the information you needed," she says. "What this website does is provide a PDF form that requires everyone to fill it in completely, and we can change the form very easily. So, if something new arises, I don't have to make sure that all the old forms are eradicated from our 100 locations. Once it's filled out, it's then emailed to all the right people."

This is only one of the many ways corporate counsel are using technology to do a better job for their employers, but it highlights an important reality of being a corporate counsel today—making good use of technology is no longer a luxury, but a necessity. In fact, the CBA's *Futures: Transforming the Delivery of Legal Services in Canada* report, published in August, says that technology is one of the four key drivers of transformative change in the legal profession.



■ Getting familiar with technology

“It’s critically necessary for everyone in the legal marketplace to have an appreciation of what technology is now able to offer and provide, as it injects more effectiveness, efficiency and higher quality to the traditional ways legal services have been created and delivered,” says Jordan Furlong, a principal with global legal consultancy Edge International in Ottawa. “If there’s an in-house counsel who hasn’t made him- or herself aware of at least some of the changes that technology is bringing about, then he or she is in great danger of falling far behind because we’re in a position today where technology is able to do more things in the legal sphere than anyone could’ve realistically envisioned 10 to 15 years ago.”

One of the major reasons why corporate counsel have to familiarize themselves with technology is because the entire legal profession is moving that way. Given the amount of time they work with external legal counsel, they must be able to understand and demand more from their legal providers.

“This is absolutely crucial because the role most in-house counsel play for their organizations is to co-ordinate the legal services not only internally, but to also outsource the legal services they cannot handle or are equipped to deal with,” says Omar Ha-Redeye, a lawyer with Fleet Street Law in Toronto.

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■ Upgrading the legal department

In many ways, in-house counsel can spur innovation through the use of technology both internally and externally.

“A trend in the legal marketplace is that corporations are tightening their legal budgets, and it’s becoming more important for in-house counsel to do more work in-house and to keep close tabs on the work they ship out to external counsel. This is where technology really comes into play,” explains Sahil Zaman, President and co-founder of Closing Folders Inc. in Toronto. “Every lawyer is trying to find better value for their clients, and in-house counsel are similar. The only difference is they only have one client. And so, they’re starting to use technology to do one of two things: to reduce risk or increase efficiency.”

To do this, there is a vast variety of applications and tools that can help in-house counsel manage their workload both internally as well as with outside providers. Chow, for example, decided to implement more customized solutions at the Keg. Not only has the risk-management website been extremely helpful, but so too has a customized, document-management tool that gives her the ability to retrieve electronically the leases for the restaurant chain’s locations. She says she had not yet used off-the-shelf software because much of it “has bells and whistles that I didn’t



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need,” but she is now at the stage at which she is looking at software from suppliers that can help her “take the next step.”

One of the suppliers that Chow is talking to is Legal Suite, which offers a contract-management system that is web-based and offers in-house counsel control over their companies’ portfolio of contracts. It also helps corporate counsel discover potential compliance problems ahead of time and streamline contract drafting.

■ Making efficiency a priority

This last capability, in particular, has many experts excited about the possibilities available to in-house counsel. Known as contract-assembly or contract-generator software, these tools “assemble a commercial-grade, airtight contract either working from a precedent databank or from a customized template designed specifically for that particular type of contract. You enter the appropriate terms, and in the space of a few minutes, you’ve got a contract that you can use instead of having to go out to a law firm or dig through your own internal archives for a precedent,” Furlong says.

Such systems offer tantalizing promise for in-house counsel, says Mitch Kowalski, a lawyer in Toronto and author of the acclaimed book *Avoiding Extinction: Reimagining Legal Services for the 21st Century*. As an example, he points to an “expert system” that KIA Motors America Inc.’s corporate counsel, D. Casey Flaherty, put into place using software from HotDocs Ltd. that has been very successful.

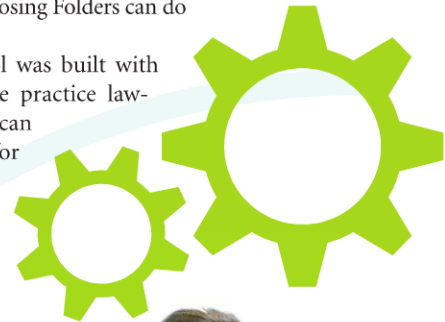
“It goes to the self-service, low-risk type of work that allows the business people in your organization to build the documents themselves. And you know you can do that because the

way the system is setup is, when they answer the questions correctly, it builds the document. So, you have confidence that the document is always built correctly, and this reduces the amount of time you actually have to spend on it. If people want to talk to about how to transform their legal department, it’s through this type of expert system that just takes the work right off your desk.”

There are tools available for other tasks that have similar time- and cost-saving potential. One example is Closing Folders, a startup created by Bay Street lawyers Zaman and Gordon Cassie that provides an online system for managing legal transactions in the areas of corporate, commercial and securities law by organizing documents into an interactive closing agenda, a task list format familiar to transactional lawyers.

“[Closing Folders] eliminates all the grunt work so lawyers can focus on doing real legal work,” Zaman says. “The way it does is that as documents are circulated through parties, the system can automatically update the documents through version control. These are tasks that take a really long time, and putting together a closing book for a big transaction can take upward of 40 hours of someone’s time. Closing Folders can do that in one click.”

Although the tool was built with transactional, private practice lawyers in mind, it can have many benefits for corporate counsel who run transactions in-house.



MITCH KOWALSKI
Lawyer & Author

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BILL SMITH
Vice Chair & Interim Assistant Counsel, Mosaic Capital Corp.

“As you get closer to closing [a deal], it’s like the fog of war. There are a lot of things happening on a whole bunch of different fronts—and [the software] makes things easier to find a document and to know that you’re looking at the latest version of it.”



JOE MILSTONE
Co-founder of Cognition LLP

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“Closing Folders is just as useful for in-house legal departments as it is for law firms,” Zaman says. “In some ways, it’s more crucial for them because they often have a greater need for efficiency and reducing risk.”

Calgary-based Mosaic Capital Corp., an investment company that owns a portfolio of businesses, has found Closing Folders to be extremely useful. Mosaic is transaction-oriented and engaged in buying businesses on a regular basis, so the software saves the firm time and money as it “makes it easy to see the documentation and how the various pieces are coming together on the closing agenda because as you get closer to closing [a deal], it’s like the fog of war. There are a lot of things happening on a whole bunch of different fronts—and this makes things easier to find a document and to know that you’re looking at the latest version of it,” says Bill Smith, Mosaic’s Vice Chair and Interim Assistant Counsel.

This is just one example of collaboration software, and what these tools do is help you “move away from straight emails back and forth, where you have to track versions and try to find the latest emails,” says Joe Milstone, co-founder of Cognition LLP in Toronto and a former in-house counsel.

However, corporate counsel should be looking at tools beyond collaboration to enhance the way the legal department operates, Milstone says. For example, “project management software can be used to deliver a better product and more organized process flows, systems and work allocation within the internal legal department. Similarly, there are tools like Yammer that allow more interesting collegiality and collaboration within the internal legal department for sharing ideas in a chat-based forum.”

■ Taking the first step

In many ways, corporate counsel have little choice but to incorporate technology into the way they do work given all that it can do. The challenge, though, is deciding what type of technology to use and which tools to employ.

To do that, corporate counsel have to bear down and come up with a departmental strategy before making any decisions. “The key for any software is understanding what you need it to do instead of just buying whatever seems attractive,” says Kowalski. “It’s easy when you’re busy in-house to default to something quickly without giving it as much time and consideration as you should—and part of that consideration is understanding what’s driving the legal services need, internally, and working backward from there.”

No matter what tools corporate counsel decide to use, it’s important to realize what technology allows you to do: shift the focus back to the more critical components of your work,

Ha-Redeye explains, “By incorporating these tools into your practice, you can provide the same legal services but in a much more cost-effective manner. And with this extra money, you can take more preventative measures, such as creating policy manuals, training, and take care of other types of issues internally that will help you avoid legal issues. So, this allows us to allocate your money better in terms of risk-avoidance and risk-management and be preventative. The result is that you are far more effective for your organization.” ■

Pablo Fuchs is a writer based in Toronto.



How to Keep Up

Technology moves at such a rapid pace that sometimes it’s difficult to keep up with the changes. Here are some ways that you can keep up to date:

ATTEND EVENTS: The CCCA and the CBA host continuing professional development events throughout the year and at their annual conferences. If you’re more adventurous, you may want to look beyond Canada’s borders. For example, the International Legal Technology Association’s annual conference in the U.S. is massive and all the leading-edge legal technology is there.

TALK TO PEOPLE: Most corporate counsel deal with similar challenges, so you may want to talk to your peers and find out what they are using. Beyond that, as you give your business and significant dollars to outside legal counsel,

you may want to call the technology directors at the law firms you use to discuss what technology they recommend.

LOOK BEYOND LAW: Read technology and business magazines and websites to find out about developments, as most of it is very transferrable. You can also look at tools used by other industries that have similarly stringent requirements.

USE TECHNOLOGY: To be on the cutting edge, it’s important to try playing with many of the tools yourself. At minimum, that means getting a smartphone and trying out some of the apps.

