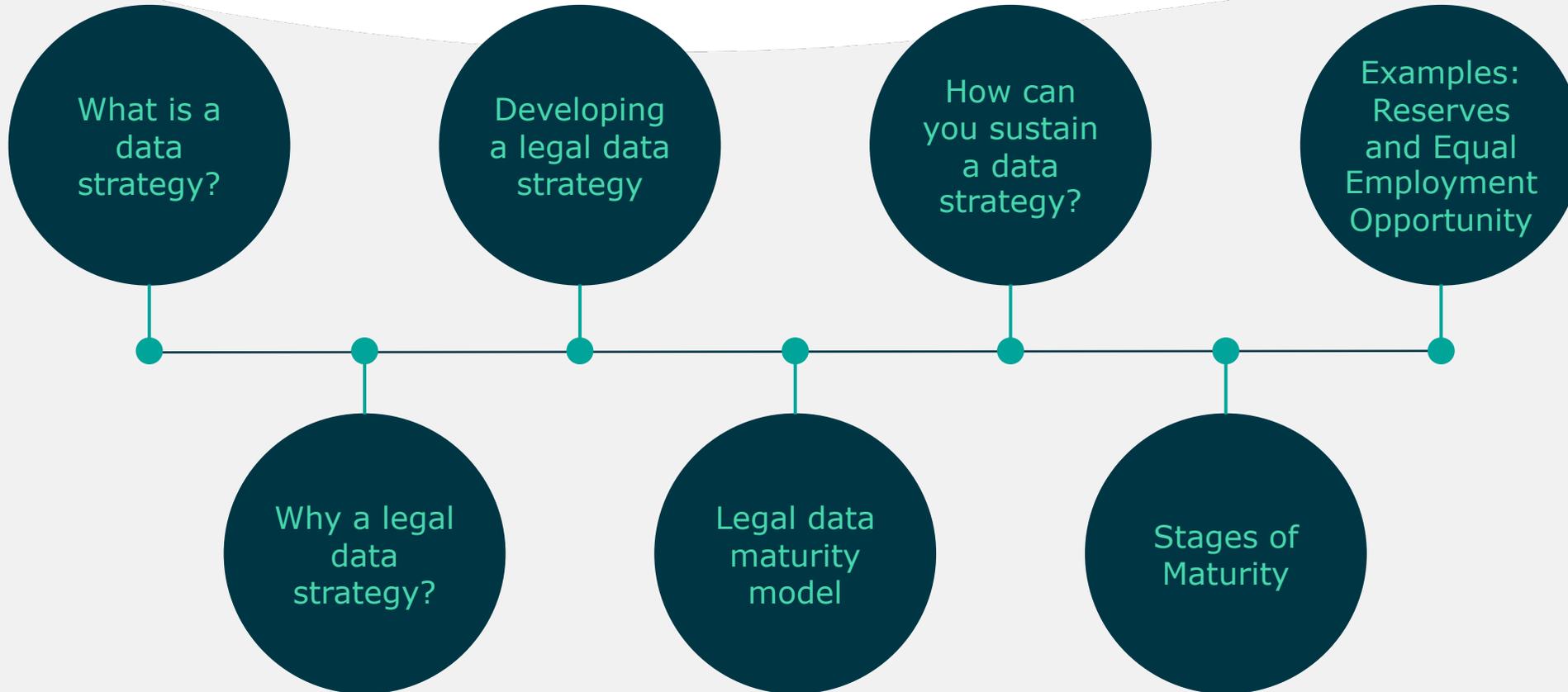
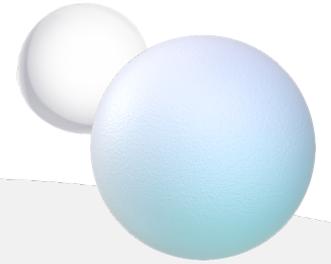


Developing a Legal Data Strategy

Developing a Legal Data Strategy

Learning to see data as a strategic business asset



Questions

Time for Discussion



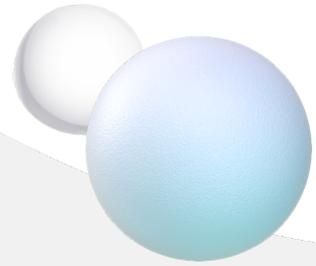
What is a Data Strategy?

Data Strategy: Defined

Statement and Framework

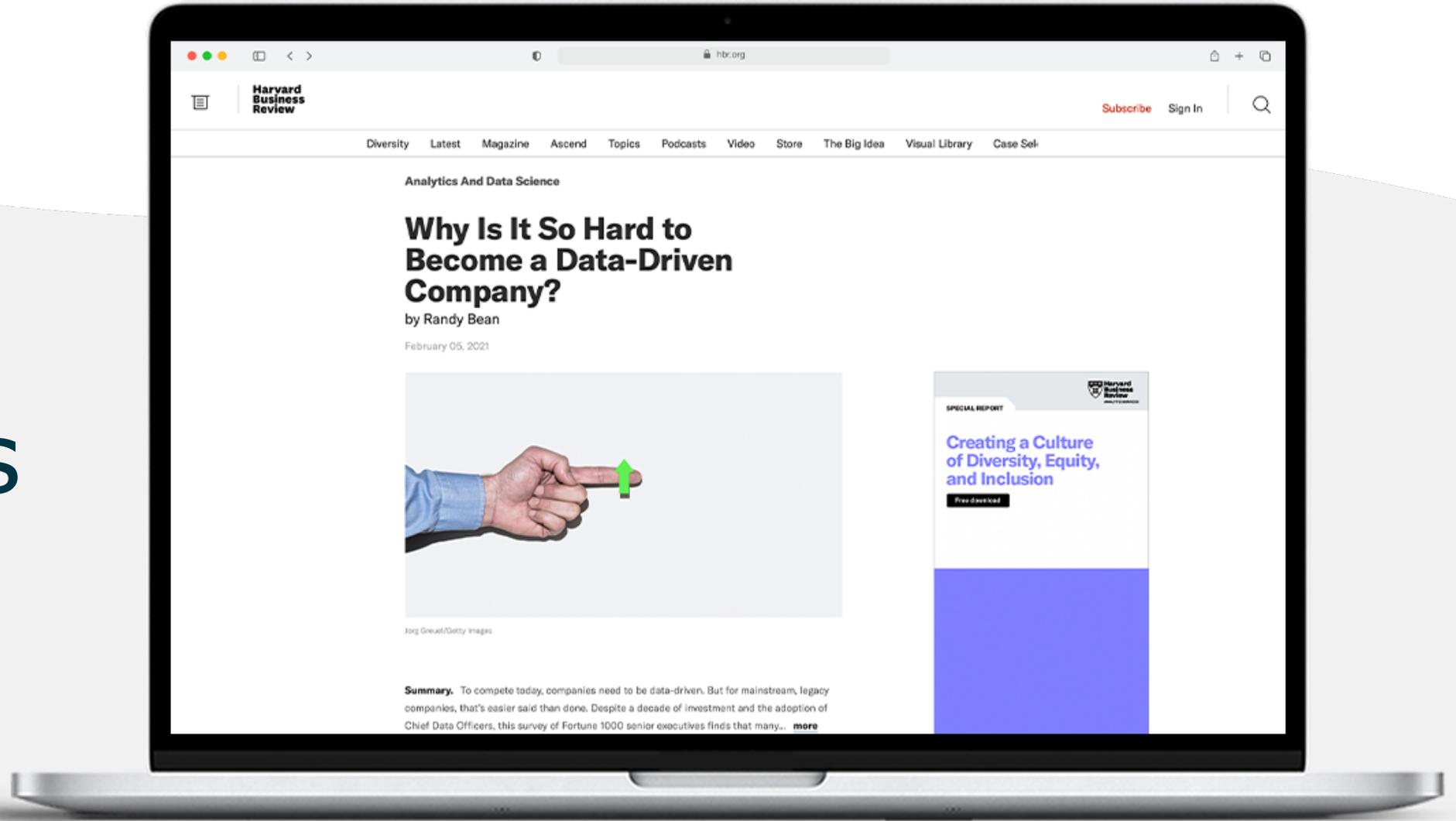
A data strategy combines a top-down mission statement acknowledging the value of an organisation's data with a framework for developing data-driven capabilities.

While data strategies are built on lists of principles and technologies, they address much more: strategic communication and change management, process improvement, knowledge management, and risk management, to name a few.



Harvard Business Review

February 05, 2021



From Data Strategy to Wisdom

Data

Direct record of fact,
signal, symbol

Readings from a
temperature sensor
in Tahoe.

Information

Indirect record or
description

The average
temperature in the
month of December
is 32.2F.

Knowledge

Interpretation of
information

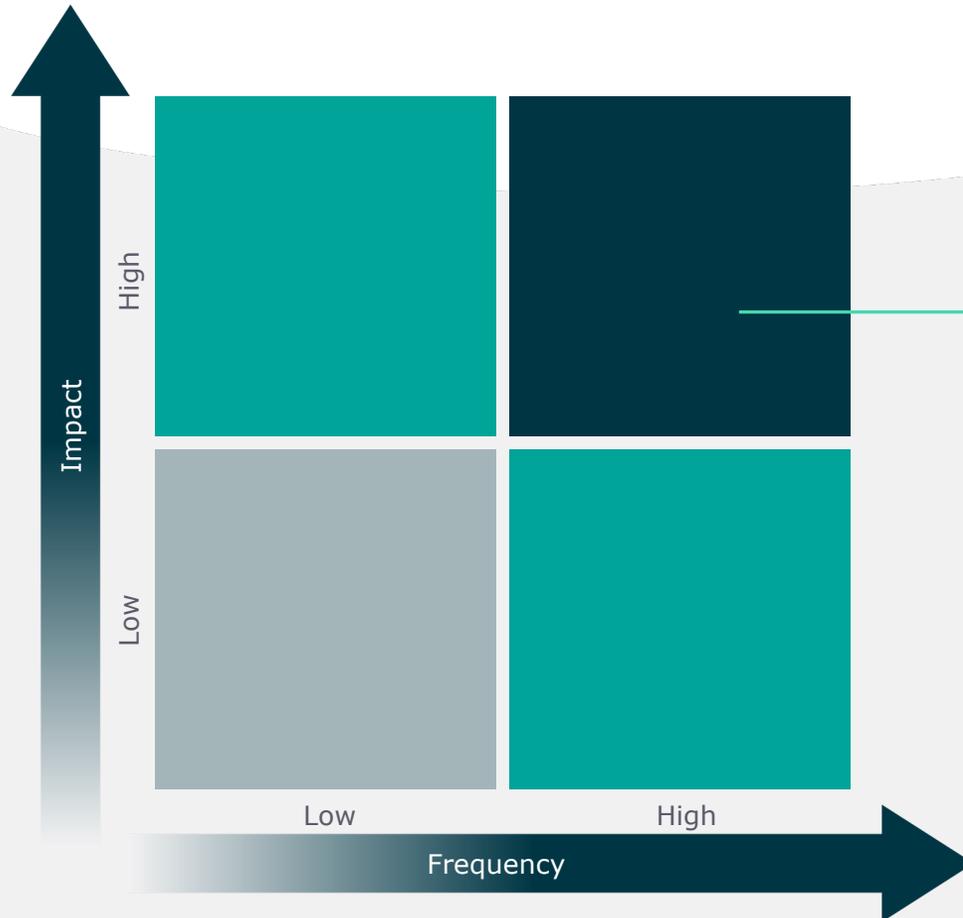
Snow is likely to
accumulate in
December.

Wisdom

Actionable inference
or heuristic

January is a good
month to plan a ski
trip to Tahoe.

When is Data Valuable?

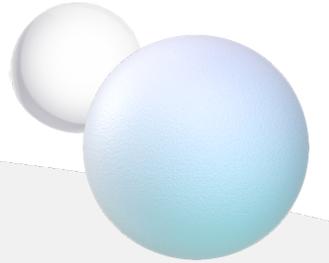


High-frequency, high-impact - best use case for data

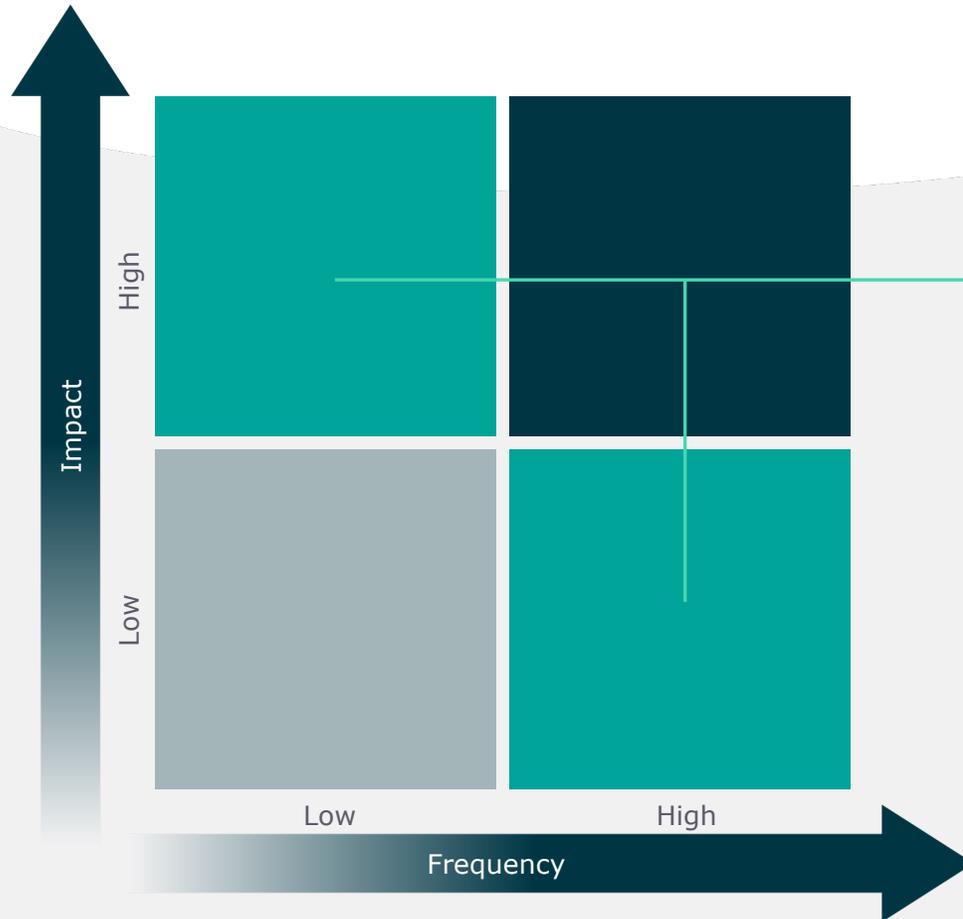
- Systematic understanding and treatment
- Standardised reporting and statistical treatment
- Potential for automation and prediction

Example:

- Labor and Employment for a large employer
- Patent Defense for a large tech company



When is Data Valuable?

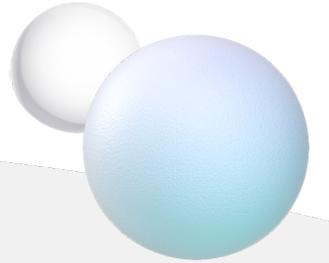


Off-diagonal – opportunity for competitive innovation and forward-thinking

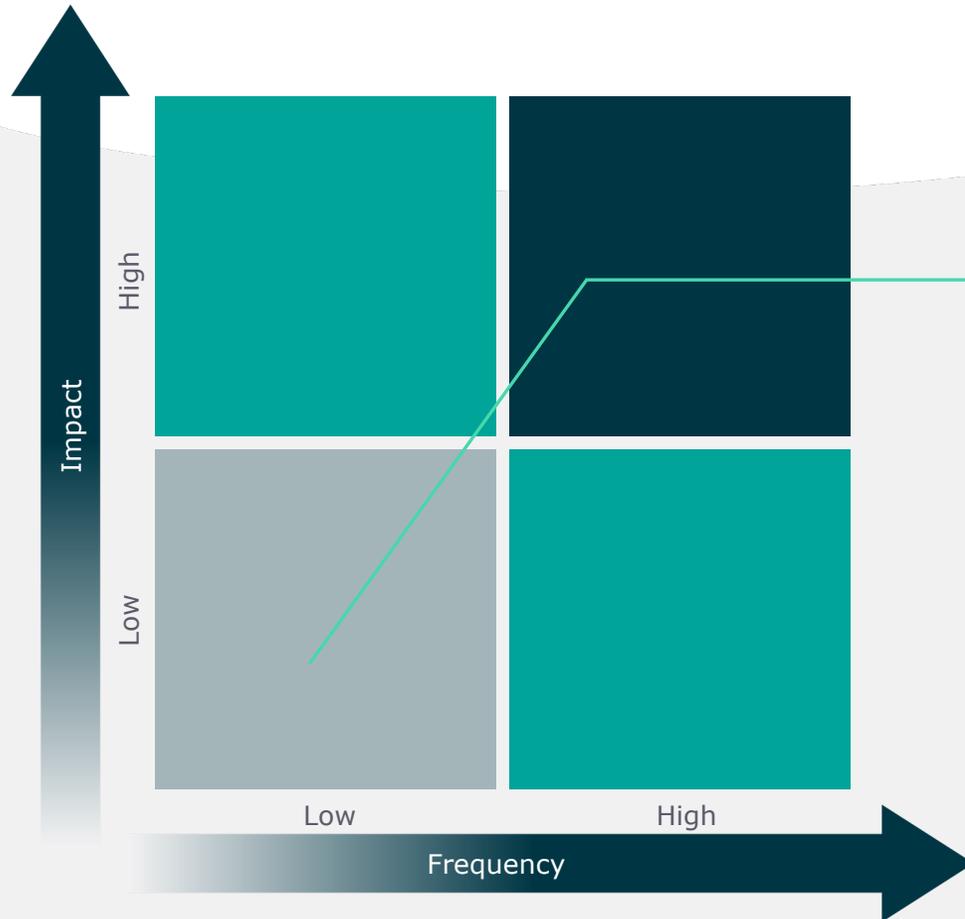
- High-frequency, low-impact
- Small efficiencies add up
- Low-frequency, high-impact
- Model thinking
- Positioned for future growth

Example:

- Government Regulatory action
- Class Action
- Commercial Litigation



When is Data Valuable?



Low-frequency, low-impact – bad fit for data capabilities

- However
 1. How do you justify low priority without data?
 2. How do you know when frequency/impact changes?

Example:

- Privacy Breach
- Autonomous Vehicle Approval

What Makes Data Big?

Many different
types of data

Variety

Velocity

Rate of data
production or
collection

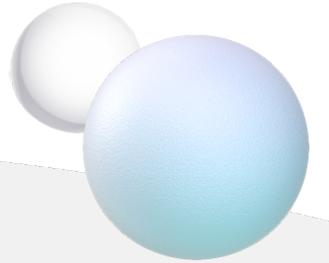
Total quantity
of data

Volume

Linked

Networked
or relational

Note: Data doesn't have to be big to be valuable!





Why a Legal Data Strategy?

Can You Answer These Questions?

Five reasons to care

1

How many legal matters did you handle last year?

2

How much potential legal liability did you handle last year?

3

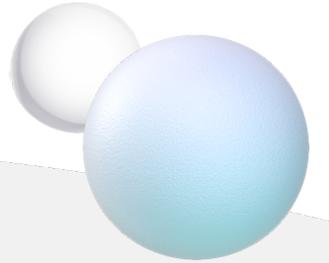
How many hours per legal matter did you spend last year?

4

How many dollars per legal matter did you spend last year?

5

How much value did you protect or create last year?



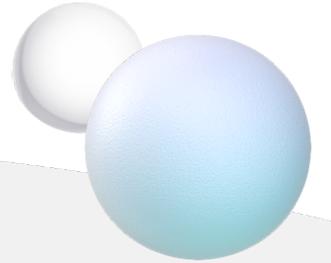
The Purpose of Legal

Claim – The role of legal is to:

- facilitate business activities and transactions
- manage and value risk

If you accept this, then your legal data strategy should focus on developing data-driven capabilities to improve the quality and efficiency of these tasks.

Five Goals for Every Legal Department



1

Measure, monitor, and manage your resources and service providers.

2

Model and improve the processes you execute.

3

Allocate tasks across internal and external resources and assess cost and quality.

4

Manage risk through activities like ADR and compliance.

5

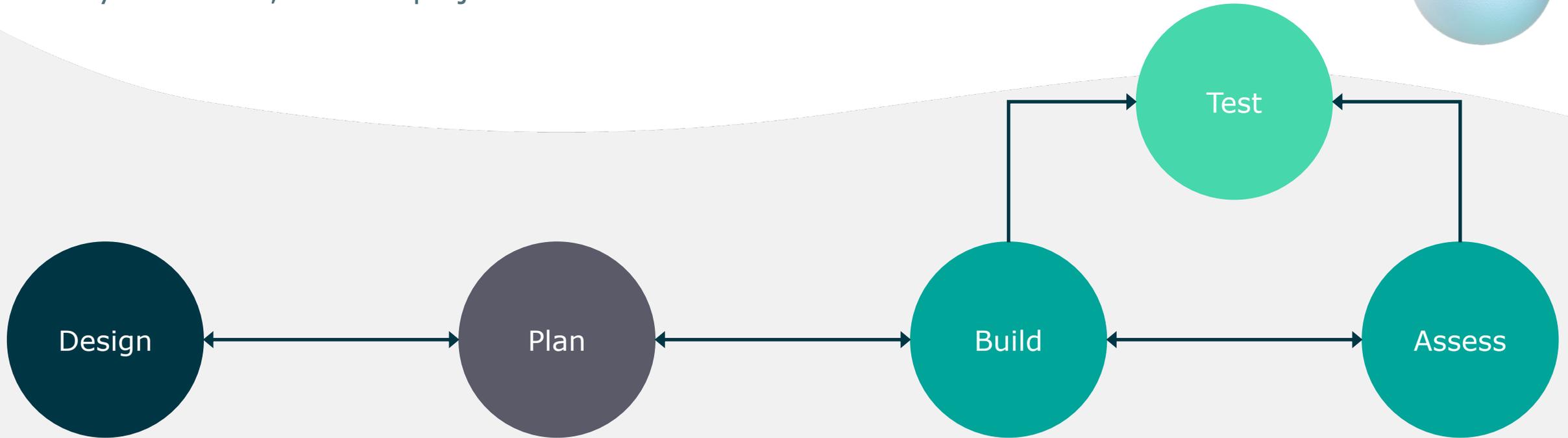
Justify and explain performance to the board or clients.



Developing a Legal Data Strategy

Taking Your First (Small) Steps

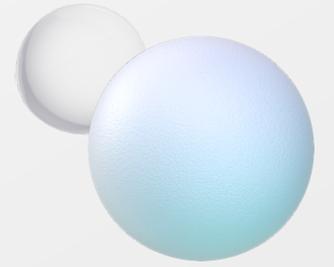
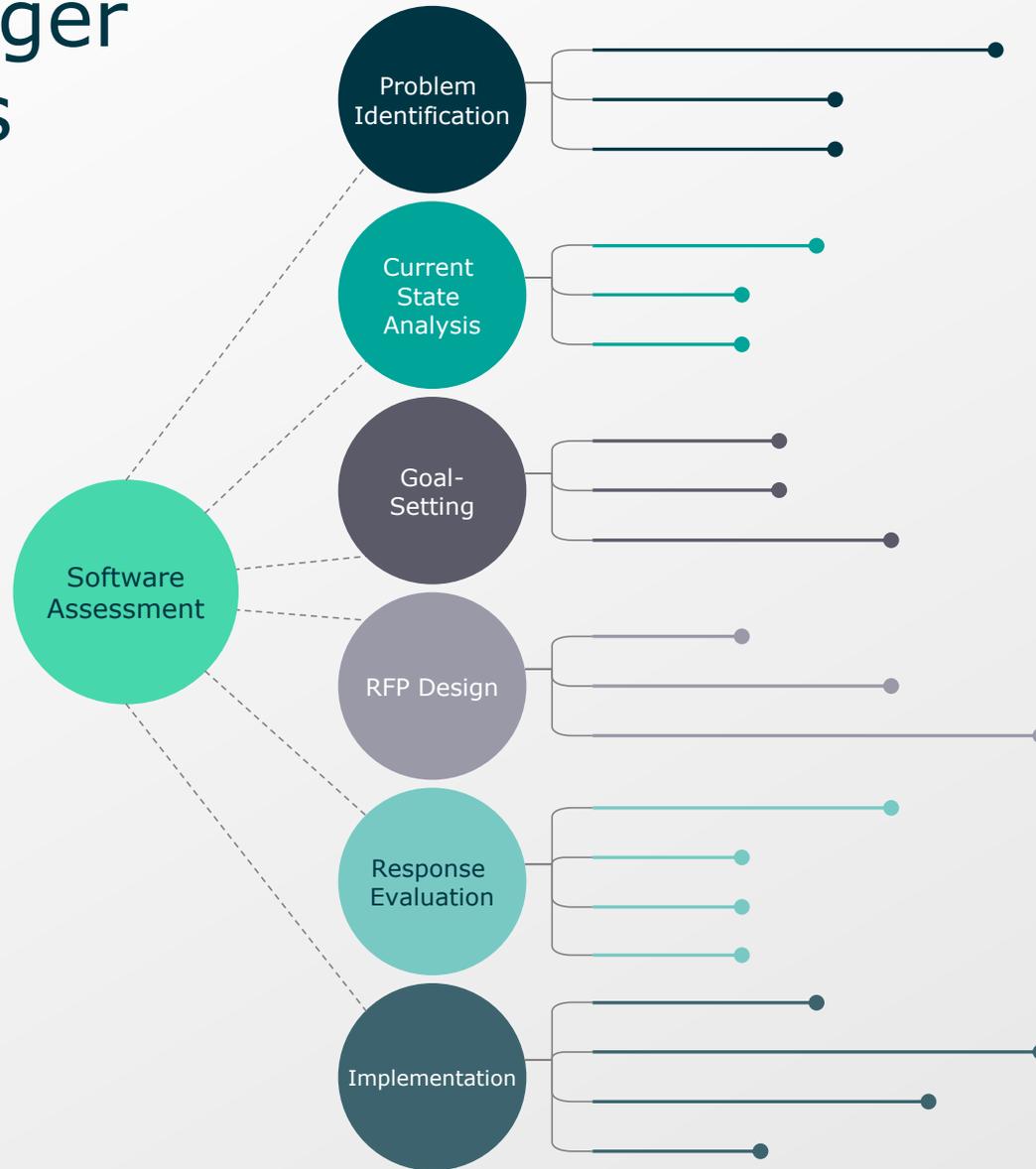
Identify achievable, iterative projects



Successful data strategy programs begin with small wins.

Wins often come from engaged early adopters, achievable goal-setting, visible use cases, and an open, iterative approach.

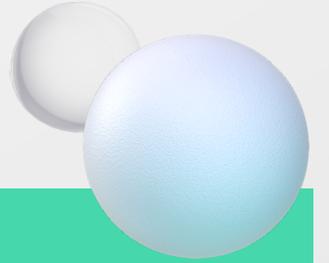
Taking Bigger First Steps



In some cases, data strategy implementations align with larger organisational implementation or refresh cycles.

These technology implementations present much broader, faster opportunities to enact a data strategy. However, much more effort and experience is typically required up-front than the small steps approach.

Empower Data Leadership



Evangelist and ambassador for data

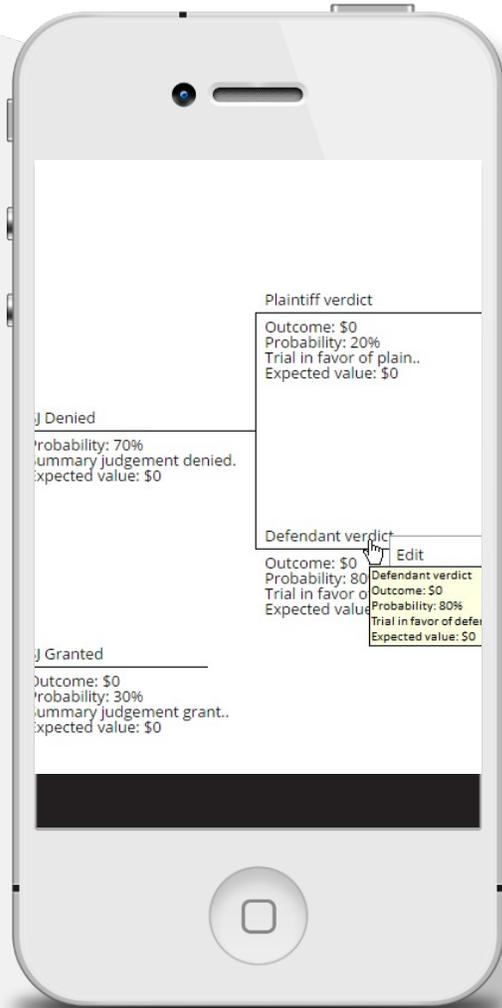
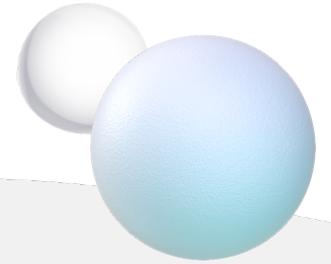
Experience in legal practice or operations

Open-minded and non-dogmatic

Empowered to enforce data governance

Embed and Habitualise Data

Don't let your team imagine a world without data



Everywhere

Mobile-friendly, accessible-everywhere

Flexible

Enable self-service reporting

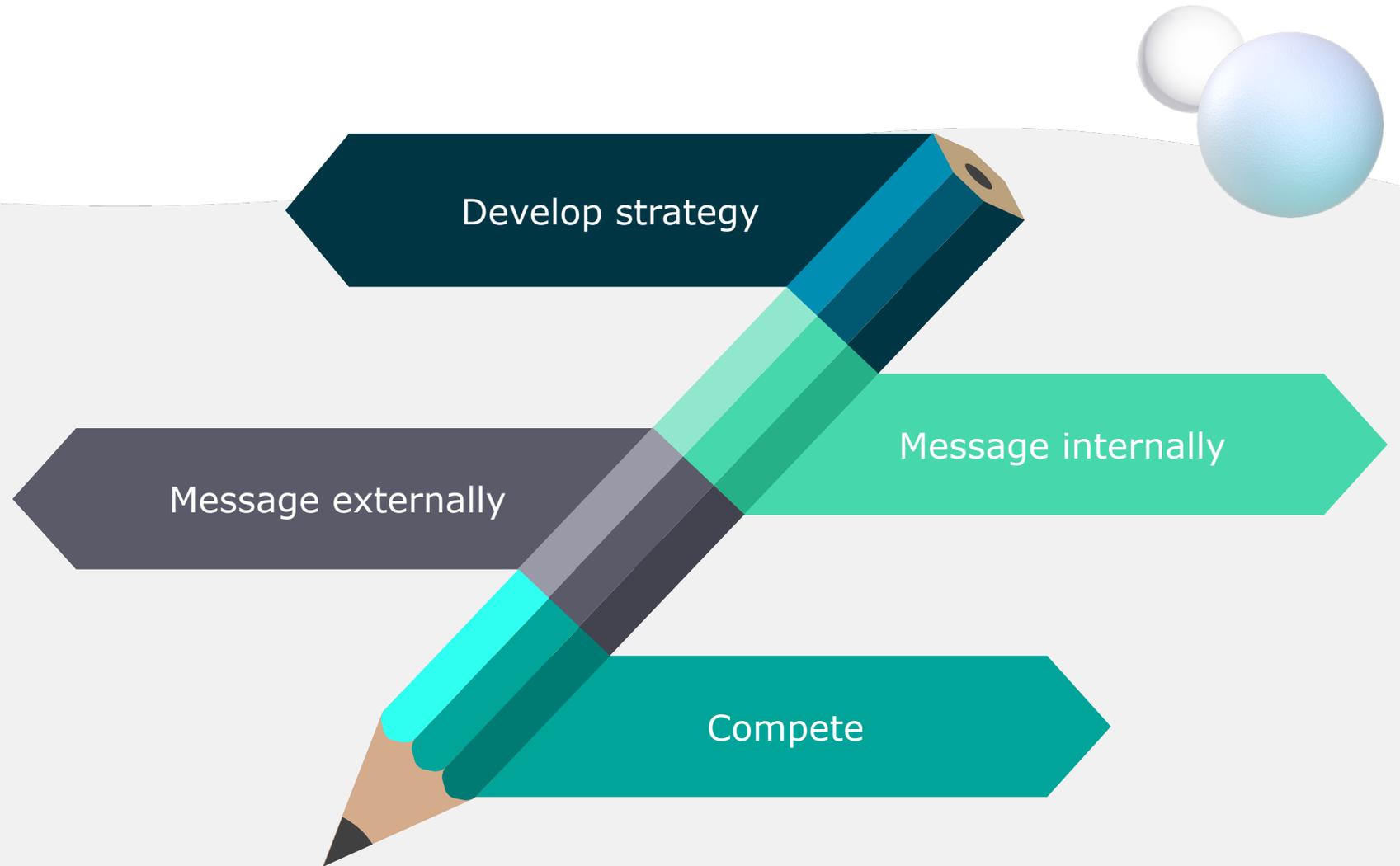
Design

Design with the user in mind; UI/UX matters

Commit Publicly

Commit publicly after developing a program and internally communicating a strategy.

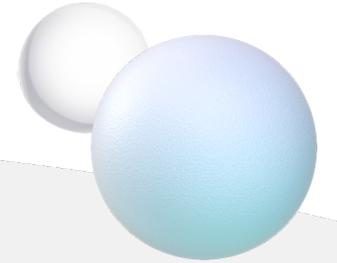
This also provides an important signal to outside counsel.





Legal Data Maturity Model

Stages of Data Strategy Maturity



1

Chaotic

Reactive,
unpredictable.

2

Managed

Per-matter or
per-manager

3

Defined

Fiat organisational
standards

4

Data-Driven

Data-defined
organisational
standards

5

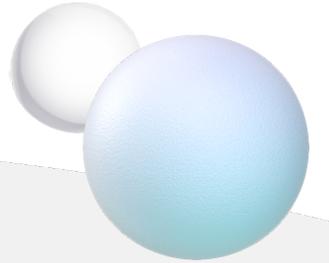
Continuously
Improving

Self-optimising,
data-driven
organisation

Sally Godfrey (2008) What is CMMI?. NASA presentation. Accessed 2016-04-22

Practice Area

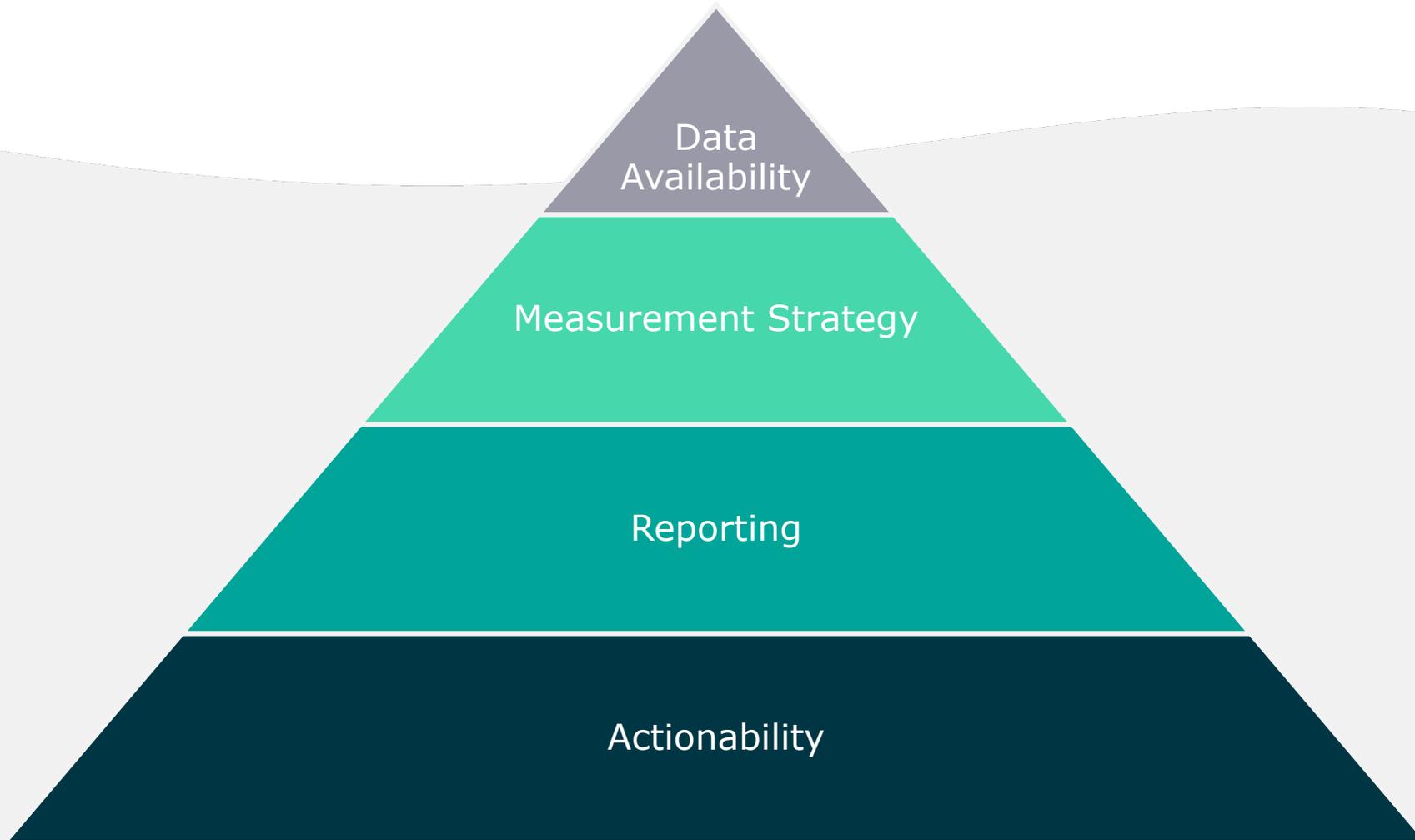
Maturity assessment



Practice Area/Group	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Labor and Employment	Mature			Developing	Emerging
Litigation	Mature	Developing	Emerging	Developing	Emerging
Business and Transactions	Mature		Developing	Emerging	Developing
Intellectual Property	Mature			Developing	Emerging
Government and Regulatory	Mature				Developing

Maturity may vary by practice area or division.

Dimensions of Maturity



Data Availability

Recognition

Is data reliably recognised?

Storage

Is data reliably captured and stored in structured form?

Accessibility

Is data warehoused or 'laked'?

Is data normalised?

Publication

Are there data directories or inventories?

Measurement Strategy

Are metrics clearly defined and communicated?

Do master data management standards exist?

Do data quality control and assurance processes exist?



Reporting

Are dedicated reporting resources available?

Are reporting frameworks and Business Intelligence (BI) tools available?

Do reports integrate with externally relevant data like baselines or trends?

How widely distributed and read are reports?



Actionability



Predictive Capabilities

Is decision-making data-driven?

Reporting and Assessment

Are assessments data-driven?

Project Management

Are projects data-driven?

Early Warning Capabilities

Do early-warning systems exist?

Process Improvement

Are processes and workflows data-driven?

Legal Analytics is More Than Reporting



Historical Reporting

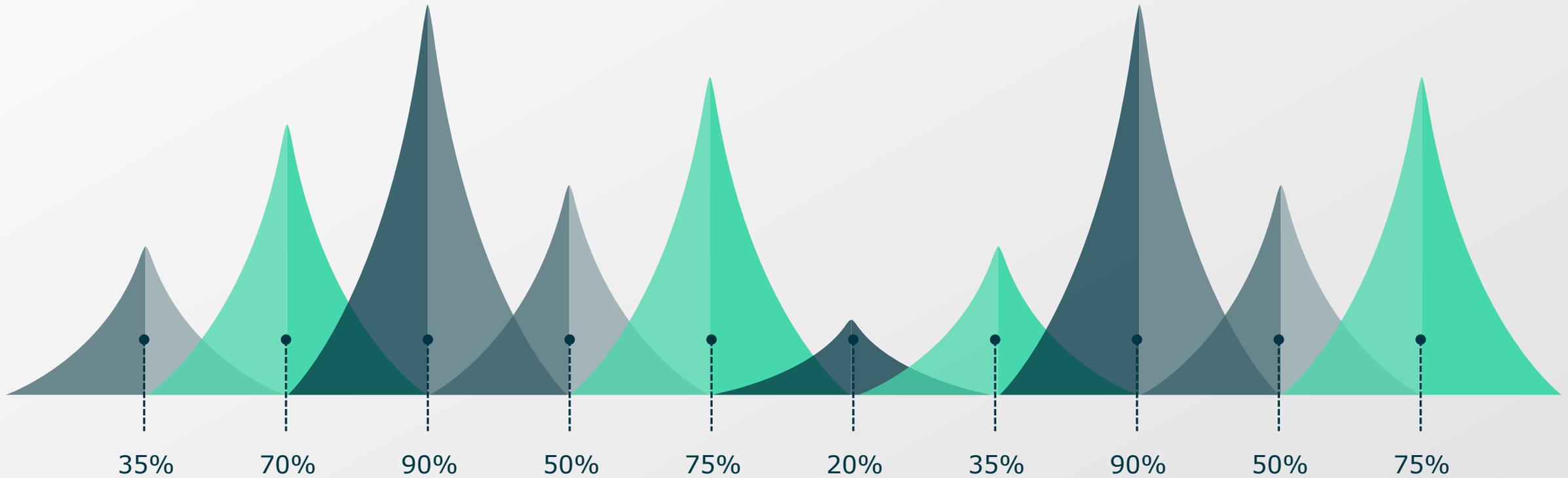
What did happen?

Historical Analytics

Why did something happen?

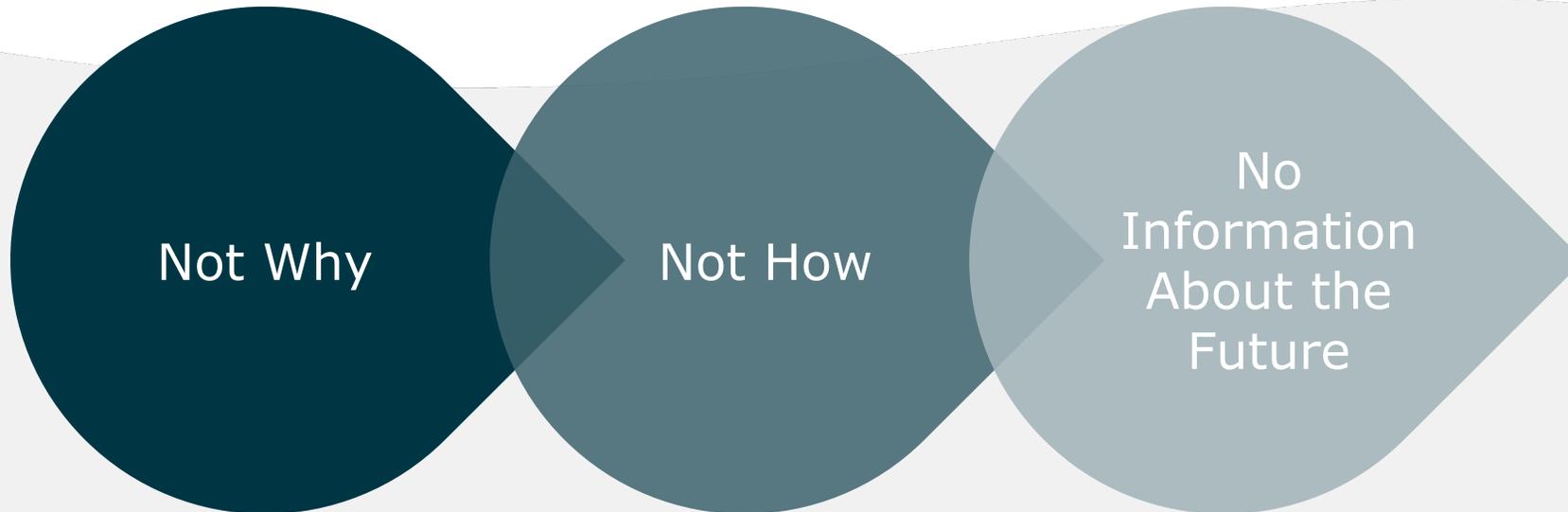
Predictive Analytics

What will happen?



Historical Metrics

Tell you only what happened in the past



Typically based on averages or aggregates, unconditioned on specific facts

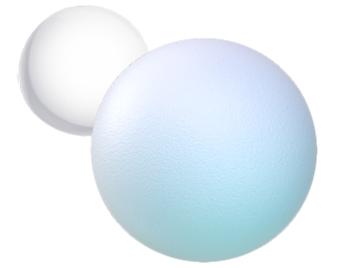
Good view of the forest health, but hard to see if individual trees/patches are doing well

Typically show running tallies or only incorporate COMPLETED records

Often difficult to translate into direct, actionable decisions on the ground

Historical Analytics

Can tell you why or how something happened in the past



Not future-oriented

Can't necessarily provide information about the future

Identify Outliers

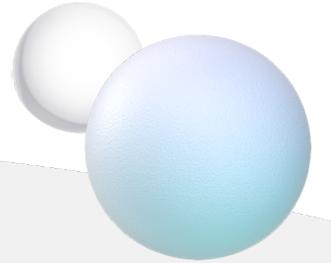
Maybe unique, maybe areas for improvement or investigation



Ability to present more specific, focused analysis
Ability to analyse both the forest and the trees
Typically based on statistical methods from causal inference

Predictive Analytics

Can tell you what may happen



Both YES/NO and probability/range

Predictive Capability

Predictions

Ability to predict SINGLE records or decisions

Ability to reformulate as KNOWLEDGE or guides to action

Application

Machine Learning

Typically based on machine learning methods

Note: Data doesn't have to be big to be valuable!

Historical Reporting in Legal

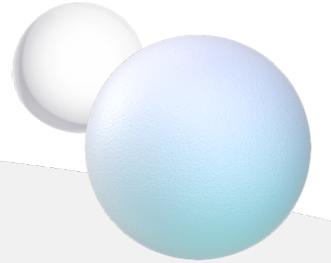
Question:
What did we
spend on
settlements and
legal expenses
last quarter?

\$1.2M

Question:
On average, how
many effort hours
does staff counsel
spend on the
discovery phase of
a non-compete
dispute?

25
hours

Historical Analytics in Legal



Question:
What factors
drove
settlement
amounts last
quarter?

For labor and employment disputes, the length of employment and presence of retaliatory or sexual harassment claims are positively related to settlement amount

Disputes originating in hospital B have abnormally higher settlements than expected, given their facts

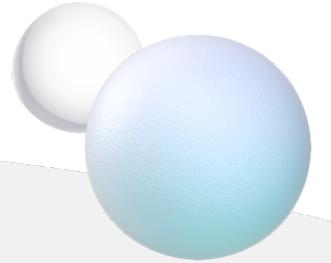
Question:
What factors
drove legal
expenses last
quarter?

Jurisdictions is positively related to total legal expenses

A decrease in arbitration/mediation utilisation is positively related to total legal expenses

An increase in matters in high-cost

Predictive Analytics in Legal



Question:
Should we
settle this
dispute at
outset?

The counterparty is expected to accept an initial offer

The dispute is predicted to settle for \$100k, with legal expenses of \$15k

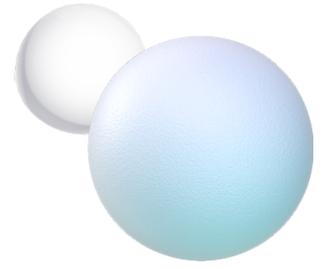
If an initial offer is not made, this dispute is expected to cost \$50k in legal expenses and has a 25% chance of going to jury trial

Question:
How many
effort hours
will we spend
on this
matter?

An estimate of 18 hours, with 90% confidence that the dispute will fall between 13 and 30 hours

Guidelines and Baselines

Provide guidelines for decisions and baselines for outcomes



Who makes decisions? Man or Machine?

Models don't mean autopilot

Suggested decisions are presented to users

Users can either:

- Follow recommendation
 - Model owns decisions
- Reject recommendation
 - Human justifies override

Analogy: Pilots

Pilots don't get to choose any flight path; flight planning systems present optimised routes and pilots have to request an override.

Analogy: CPAs

An individual accountant doesn't get to choose what General Accepted Accounting Principles (GAAP) is. If they decide to calculate something in a way that doesn't comply with the model, they have to provide a justification to the auditors.



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