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Good Practice Guide:
Business Engagement for Legaltech

This guide outlines an early working model for good practice in legaltech business engagement (BE) and high-level suggestions on replicating or adapting this model. The model is drawn and extrapolated from a collaborative workshop recently hosted by the Aspect BE Community of Practice. The workshop included presentations by Aspect members University of Manchester and LSE who shared their respective studies into legaltech BE at their universities (part of a larger Aspect project on sector-specific deep dives into what social science business engagement good practice looks like). Deep dive presentations were followed by a Q&A with presenters and discussion among attendees.

The suggestions in this guide centre around three central topics:

1. *Leading with academic engagement before business engagement.*
2. *Developing early-stage business engagement.*
3. *The need for a more pro-active approach to Legaltech BE.*

Why legaltech?

Aspect members have identified legaltech or *lawtech* as a "highly pertinent example of a fast-moving and high growth sector that is giving rise to new technological applications, tools and processes, and new ways of delivering legal services, all of which could and should benefit business, industry, regulators, policy makers, the machinery of justice, access to justice, and civil society - in other words, where technology and social science may come together in a fundamental way." (LSE Report)

What is legaltech?

There is no universal or precise definition of legaltech; it can be generally understood as 'digital transformation' in the legal sector or digital solutions to providing legal services. Underlying technologies that have driven legaltech include, for example, robotic process automation ("RPA"), artificial intelligence and machine learning ("AIML") and blockchain distributed ledger technology ("DLT"). There is also a natural intersection of legaltech with digital transformation and disruption taking place in finance and regulation, i.e., fintech and regtech, respectively. Examples of legaltech or alternative legal service providers: https://elevateservices.com/ https://www.integreon.com/. (LSE Report)

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Academic Engagement (AE) before Business Engagement (BE)

During a nascent stage where there is no obvious demand for legaltech research commercialisation (either from industry or the university's academics), start with academic engagement.

Goals to achieve from AE:

- Uncover, what, if any, research, teaching, commercial or policy engagement activity relevant to legaltech have taken place at the university to date (and any future prospective activities).
- Gauge academics' interest in legaltech, whether as a research topic, a topic to incorporate (more) into the teaching curriculum, or for wider collaborative engagement e.g. with industry and/or policymakers and regulators.
- Identify specific challenges and opportunities for legaltech BE for the university.
- Cultivate relationships with interested academics. If possible, identify legaltech champions.

Recommendations on conducting AE:

- Methodology: Develop a simple research methodology to guide and focus the process. One way to do this is by carrying out scripted interviews with academics. This involves developing a set of research questions, which can be expanded from 'Goals to achieve from AE'. Then, the research questions can be translated into an interview guide.
- Who to engage: Speaking with between five to ten academics across different levels of seniority in the university's law department provides a good starting point. Academics who have pre-existing involvement in legaltech or related research activity will be likely to engage with this process. During this process, identify potential influential <u>champions</u> for developing legaltech BE.
- Getting an alternative view: Get an interview with an alternative perspective to inspire out-of-box thinking. As part of LSE's preliminary study, the team spoke with the Director of the Law Hub at the University of Amsterdam to offer an alternative view and experience in building a highly developed model of facilitating and incubating innovation from legal studies.
- Team: An external expert can help to provide sector-specific insights, complementing the knowhow of the TTO or BE team, to develop a meaningful study that engages effectively.
- Share findings: Synthesise and share findings with other institutions such as via the Aspect network and engage with other institutions in cultivating a community of practice.
- Next steps: Depending on the findings from the preliminary study, the BE team may decide (i) to repeat a similar approach to engage other relevant academic departments at the university (e.g. computer science or data science); (ii) to formulate and start implementing an early BE strategy; (iii) to execute some combination of both approaches, concurrently; or (iv) to <u>*not*</u> pursue legaltech BE at this time (e.g. there's insufficient academic interest).

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Developing Early Business Engagement (BE)

An early business engagement strategy is likely to form in response to demand—e.g., from industry and/or from academics. For example, results from a preliminary academic engagement study may indicate evidence of 'demand' for legaltech BE from academics. However, in contexts where the university TTO and/or BE team hold strong, established relationships with the legal sector and relevant academic departments within the university, then it is also possible for the BE team to be approached to explore opportunities to engage on legaltech.

In 2017, Manchester identified demand from law firms to explore the impacts of increasing digitisation of legal services in a collective manner (with academics). Traditional law firms faced a knowledge gap and cultural shift in navigating the sector's digital disruption and changing client expectations. This changing environment naturally also means that skillsets required in the 'legal profession' is evolving and reinvigorates longstanding questions about whether universities are teaching the right mix of skills for law in the future. Meanwhile, the BE team also became aware that within the university a

network of researchers across Law, Business and Computer Science with relevant research interests was emerging. By successfully bringing together the confluence of industry demand and academic interest, Manchester developed the first-of-its-type academic-industry consortium working to collectively identify and address some of the key questions emerging around legaltech and the future of the legal sector.

Based on Manchester's experience, recommendations on legaltech BE good practice include:

- Identify industry demand for academic engagement, including a nuanced understanding of the specific challenges that law firms face regarding legaltech. This process could be enabled by strong, pre-existing relationships between the university and law firms.
- Align industry needs with research interest at the university.
- Co-design, among stakeholders, a consortium model to facilitate ongoing BE and academic-industry collaboration. Having strong involvement and support

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of senior leadership from law firms and senior academics enables an effective and sustainable arrangement.

- Develop a self-funded model—an independent source of funding not from the university budget. In Manchester's case, the consortium is funded by membership fees of commercial partners. It has also become a good practice to ensure that membership covers broad perspective from different segments of legal market. This has been achieved by launching a tiered Partner/Member structure allowing a lower level of access to a broader range of organisations, while retaining a committed core of partner businesses setting the strategic direction for the Initiative, along with the University. Funding has supported activity such as research into the landscape of legaltech at U.S. law schools.
- In communicating with senior management at the university about launching new initiatives, it helps to show that the initiatives do not require a lot of (financial) resources from the university. The membership fees model, as well as key industry and domain experts provided by law firms in leading lectures are important points of leverage in Manchester's case.
- As the initiative develops, the early work, evidence and research partnerships provides a foundation for seeking additional sources of funding, including major research funding grants.
- Further, strategic relationships with external organisations means the programme has external champions that can support and promote the work of the initiative. For example, a Ministry of Justice spokesman formally launched the Manchester Initiative in 2018. The consortium also engages with key national organisations in law and technology such as the Law Society of England & Wales, The Solicitors Regulation Authority and Tech Nation.

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Developing a formal teaching module on legaltech—Law, Money and Technology (Manchester)

The course, originally titled 'Legal Tech and Access to Justice', allowed 20 third year undergraduate students to design and build legal apps that were later licensed to non-profit clients. The course then expanded the following year to include Master/LLM level students from the law school. In 2020-2021, the course revised its content, reflected in the title of the course, Law, Money and Technology, which runs during the spring term. Manchester expects the 'living curriculum' to continue to adapt based on a collaborative process amongst stakeholders.

Key good practice that has emerged from this experience includes leveraging collaboration between (i) non-academic stakeholders, (ii) academic colleagues from within and outside of the university and (iii) actual student cohorts from the class to develop and shape the curriculum throughout the course's running.
- External non-academic stakeholders co-deliver class sessions, where each session blends lecture, conversation and hand-on simulated real-world experience, and that addresses discrete aspects of legal services and regulation in relation to digital technology.
- Second, academic colleagues within the University of Manchester and in universities across Europe, North America and the UK contribute on the course, in terms of both design and delivery. The ongoing conversation is part of a developing set of collaborations - from reading groups to various industry, academic events, and collaborative scholarship - all of which further inform the curriculum delivery. In addition, external regulatory and industry stakeholders could draw upon insights from academics.
- Third, the actual student cohorts from the class are actively engaged in shaping the development of the curriculum. Students are regularly surveyed via anonymous polls and group conversation, in and out of class. The class themes, learning activities and assessment have been partly shaped through this student engagement.

Obtaining frequent, real-time feedback from students has been identified as a good practice towards monitoring and evaluating the value of the initiative in improving the curriculum towards better equipping students for the future of the legal sector. Manchester conducts regular anonymous polling of students for feedback during the course. Capturing this data over time also provides strong evidence to communicate the strength and impact of the initiative to both internal and external audiences to continue to expand legaltech BE. Manchester's legaltech teaching module has received 100% positive feedback from students:
> "This has opened my eyes and showed me an area I didn't know existing but is fascinating, it has made me more confident about my future.
> "The most positive experience was having real world contacts and working on real life apps."
> "I would tell [prospective students] that it will be a life changing course"

Moreover, the course is complemented by extra-curricular activities and practical student opportunities with law firms, which further enriches student experience as part of legaltech BE. Initiatives include:
- Sponsorship of the Manchester Legal Tech Meetup and the Global Legal Hackathon
- Part-time legal engineering roles and opportunities to complete research projects with member firms for current undergraduate students developed with legal-tech business SYKE
- Opportunities for students to complete research projects for member firms as part of their research modules
- Work placement / employment schemes with industry stakeholders; graduates from the course have been shown to offer a more tailored set of skills when joining their respective employers.

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How to overcome challenges in adding legaltech to the formal teaching curriculum?

Some institutions may be reluctant to add new topics such as legaltech to the formal curriculum. First, there may not yet be sufficient academic research from which to inform curriculum development. Some academics may reason that the university's legal curriculum provides a strong theoretical foundation and analytical training that will equip graduates to respond and adapt to changes in the profession (such as digital disruption) without the need to specifically add legaltech as a formal module. Others may indicate that regtech and/or fintech are already explored as a part of certain topics in the curriculum. Finally, lengthy bureaucratic processes required for launching new courses (sometimes taking years) presents a very real challenge to swift action.

The solution is to go informal. Examples approaches include:

- Executive education – Launching new executive education courses does not require as much of a bureaucratic hurdle. Also, especially since these are paid courses, demand for these programmes provides particularly strong evidence demonstrating market appetite. This evidence is influential in communicating market appetite with internal audience, including academics and senior management, which may enable new topics to work their way into formal curriculum.
- Non-for-credit, extracurricular seminars, or masterclasses – This is a good way to bring in industry experts to lead lectures and discussions with students on emerging topics including legaltech.
- Project-based – This may include short-term research or consultative projects between students and corporate partners.
- Hackathons – These are seen as fun and engaging events to bring awareness to a topic and invigorate groups of students to participate in innovative problem-solving by harnessing digital technology.

Time for More Proactive BE?

Discussion among Aspect members also indicated that given the rapid speed of technological disruption, as seen with legaltech for example, university TTO and BE may need to play a more pro-active role in stimulating the university's innovation ecosystem as compared to their traditionally, more reactive roles. Simply waiting for academic research to catch up and align with tectonic shifts in traditional sectors fuelled by technological adoption and advancement, may result in missed opportunities for timely business engagement.

Conclusion

While this guide discusses legaltech BE good practice drawn from LSE and Manchester's experiences, it is important to note that research commercialisation in the social sciences remains at a nascent stage, overall. As a result, there remains ample room for experimentation and out-of-box thinking to uncover new models for how the social sciences can most effectively engage with the forces of technological disruption of industry and society, for wider collective benefit.

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Selected activity relevant to legaltech (from the Manchester and LSE deep dive reports):

- The Law & Technology Initiative at Manchester (MLaTI) serves as a dynamic and collaborative platform between industry stakeholders, regulatory communities and academics within the Alliance Manchester Business School (AMBS), Department of Computer Science and the Law School. The consortium brings together practice and research to identify dangers and facilitate opportunities in future policy directions at the interface of law and technology, and to develop the next-generation workforce through innovative curriculum and skills training. Example initiatives include the Manchester Legaltech Meetup and developing a taxonomy of the legaltech landscape of U.S. law schools.

- The Summer Academy on Law, Money and Technology: Toward Democratic Futures is hosted by the University of Manchester, the Finance, Law and Economics (FLE) Working Group of the Young Scholars Initiative/Institute for New Economic Thinking, the Association for Promotion of Political Economy and Law (APPEAL), the European Association for Evolutionary Political Economy. The aim is to bring together emerging and established scholars and policy makers to explore the interface of law, money and technology and how these dynamics relate to the future of democracy.

- The Global Legal Hackathon brings together the world's legal industry along with tech and innovation to harness technology-enabled solutions for improving the legal industry.

- Convene @ LSE Law is the department's new programme of online events open to LSE Law students. Events have included The New Legal Services Landscape, a LawTech Masterclass delivered and led by the Global Chief Technology Officer at Deloitte.

- At the Law Hub at the University of Amsterdam, students and staff of the UvA Law Faculty collaborate with social partners, legal entrepreneurs and institutions to develop legal solutions and innovations which meet the needs of a rapidly evolving society. One of the initiatives includes a Free Legal Advice Centre.

- LSE Centre for the Analysis of Risk and Regulation is an interdisciplinary research unit, whose core intellectual work focuses on the organisational and institutional settings for risk management and regulatory practices.

- The Systemic Risk Centre at LSE was set up to study the risks that may trigger the next financial crisis and to develop tools to help policymakers and financial institutions become better prepared.

- COHUBICOL (Counting as a Human Being in the Era of Computational Law) project, in Belgium, investigates how the prominence of counting and computation transforms many of the assumptions, operations and

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outcomes of the law. It is funded from 2019-2024 by the European Research Council (ERC) under the HORIZON2020 Excellence of Science program.

Selected publications relevant to legaltech (from LSE deep dive report):

Holding, Clearing and Settling Securities Through Blockchain Technology Creating an Efficient System by Empowering Asset Owners, Eva Micheler and Luke von der Heyde, May 31, 2016, at: SSRN: https://ssrn.com/abstract=2786972, or http://dx.doi.org/10.2139/ssrn.2786972

Regulatory Technology – Replacing Law with Computer Code, LSE Legal Studies Working Paper No. 14/2018, Eva Micheler and Anna Whaley

Modern Law Review, Cloud Crypto Land, First published 3 December 2020, https://doi.org/10.1111/1468-2230.12603

Final report of the Expert Group on Regulatory Obstacles to Financial Innovation: 30 recommendations on regulation, innovation and finance, European Commission, December 13, 2019 https://ec.europa.eu/info/files/191113-report-expert-group-regulatory-obstacles-financial-innovation_en

Online Courts and the Future of Justice, Richard Susskind, 2019, https://www.susskind.com/

Tomorrow's Lawyers: An Introduction to Your Future, Richard Susskind, Oxford: 2017, 2nd edition, https://www.susskind.com/

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