Legal Document Automation

A Buyer's Guide

How to pick the right document automation solution for your business

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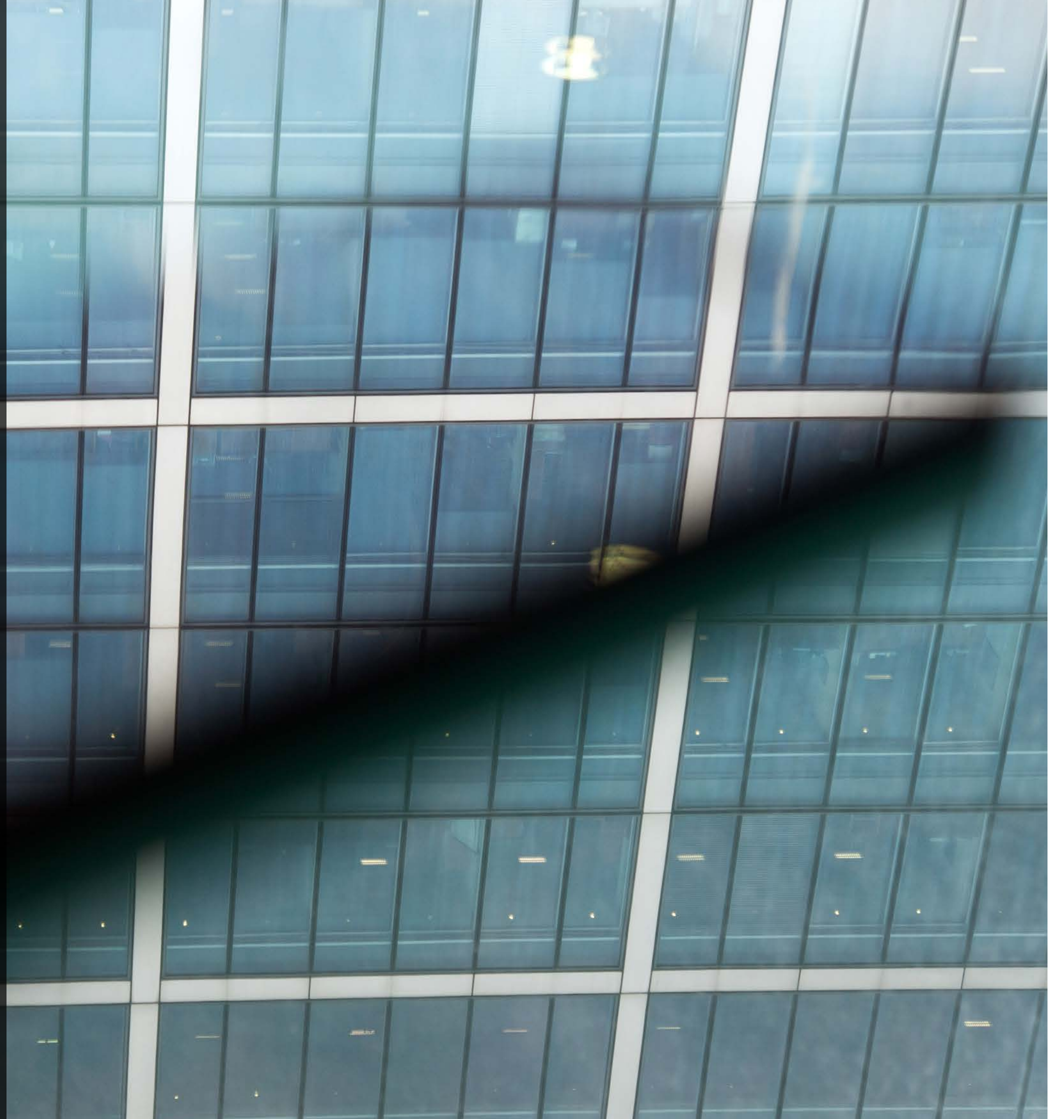
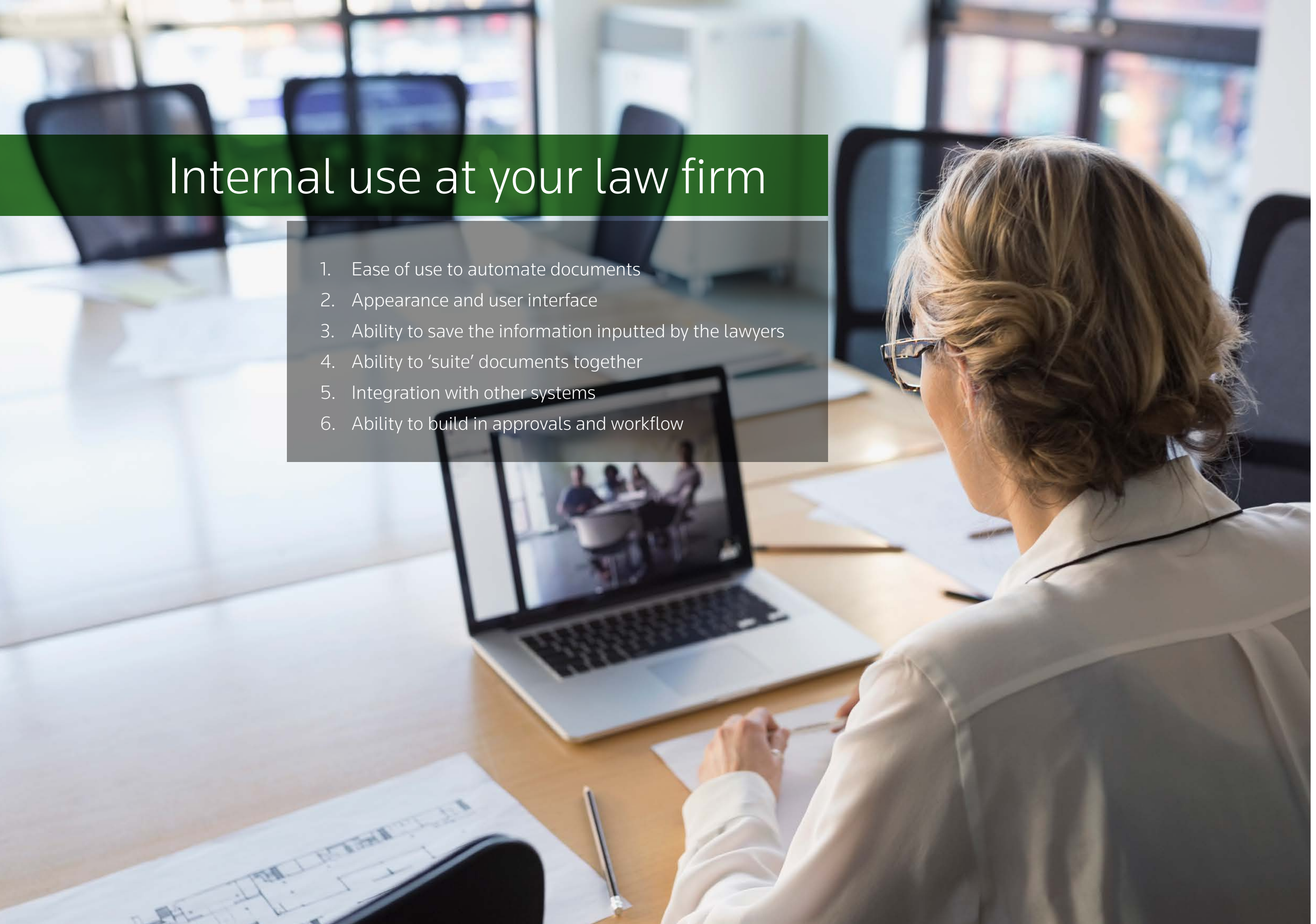
Catherine is an expert legal knowledge engineer, document automation and workflow design specialist with significant experience in the legal technology sector. Catherine qualified as a solicitor into the real estate department of one of the country's top commercial practices in 2007 and then progressed to manage that firm's now industry-leading legal knowledge engineering team. Catherine is now the founding CEO of a successful consultancy providing automation services to a number of high profile in-house legal teams and top 20 law firms.



> A lawyer on average spends **60%** of their time drafting documents. If there is a tool that allows them to do that faster and better, then it is an obvious choice.

The many benefits include:

- Improved consistency
- Reduced risk
- Time savings that improve margins
- Ability to pass work to a more junior level of resource
- Allows lawyers to focus on bespoking, negotiation and higher value work
- Improving client relationships



Internal use at your law firm

1. Ease of use to automate documents
2. Appearance and user interface
3. Ability to save the information inputted by the lawyers
4. Ability to 'suite' documents together
5. Integration with other systems
6. Ability to build in approvals and workflow

1 Ease of use to automate documents

If you want to achieve return on investment for your software as quickly as possible, it has got to be quick and easy to use.

Choose a software that does not require any technical coding skills, that the lawyers or PSLs can use themselves to create the online questionnaires to be used to draft the documents and that can easily be configured with limited help from your IT team.

Also, I would highly recommend purchasing software that does not require the company selling the software themselves to do all the automation for you. I am not saying that to resource your automation you shouldn't consider an outsourced model but more that you should be able to make amendments quickly and easily yourselves without having to pay for maintenance to the software company every time you do.

Choose a solution that allows you to automate the documents all from the one place, ideally from Word, as that is how the documents will have first been prepared. This saves significant time compared to the softwares that require you to add the variables, make the changes, upload and so on from elsewhere.

2 Appearance and user interface

The lawyers' first impressions count when it comes to any change to their working practices. If you are going to be selling to those lawyers that this is going to be a slick tool that will make their lives easier, and to achieve maximum return on investment you need to convince those lawyers that this is the future of legal drafting, it needs to look good.

This point is not a 'soft' option that can be compromised for price. Having helped many firms who have previously experienced failed automation projects, the lawyer opinion of the tool has often been the crushing blow – regardless of the potential of the software.

These are highly intelligent people, many of who are Gen X or Z and for them to trust a new product user interface design is key.

3 Ability to save the information entered by the lawyers

Several innovative law firms are now looking for ways to provide their clients with better management information to help them reduce their clients legal risks and ultimately legal spend.

By saving the data the lawyers input into document automation questionnaires law firms can help their clients spot trends. For example, if a law firm acts for a client defending all of their Employment Tribunal Claims, by saving the information inputted when preparing defences to claims the law firm can then report to the GC information such as what percentage of those claims are for unfair dismissal or discrimination, what parts of their businesses those claims are originating from and possibly suggest where to focus any training or improvements. Similarly, they can spot where lawyers are always selecting the same position enabling the firm to update the precedent banks and continually make them as commercial as possible.

This ability enables law firms to become, as Richard Susskind puts it, "the guard rail at the top of the cliff rather than the ambulance at the bottom".

4 Ability to 'suite' documents together

Consider this scenario: A real estate lawyer is instructed by a landlord client to complete a new lease for a tenant. The tenant is going to be paying a rent deposit and also carrying out some alterations.

In this situation, without document automation, the lawyer is going to have to draft three documents – the lease, the rent deposit deed and the licence for alterations separately inserting the same information about parties details, premises and such like into everyone.

With document automation software that easily allows you to prepare entire suites of documents, the lawyer can prepare all three documents at once never having to repeat the same information twice.

The suite approach is also very advantageous when preparing, for example, Corporate Share Allotment Packs, Construction Appointments and Warranties or Business Restructuring suites of administrator sale documents.

5 Integration with other systems

It is likely that your law firm has many other systems with valuable information that could be useful when your lawyers are using document automation. For example, if you plan to automate your client engagement letters it will be useful if the document automation software you choose can pull up information from your accounts system or if you have existing workflow software, it will be helpful if the document automation questionnaires can be inserted into the relevant steps of the workflow ready to draft the documents when needed.

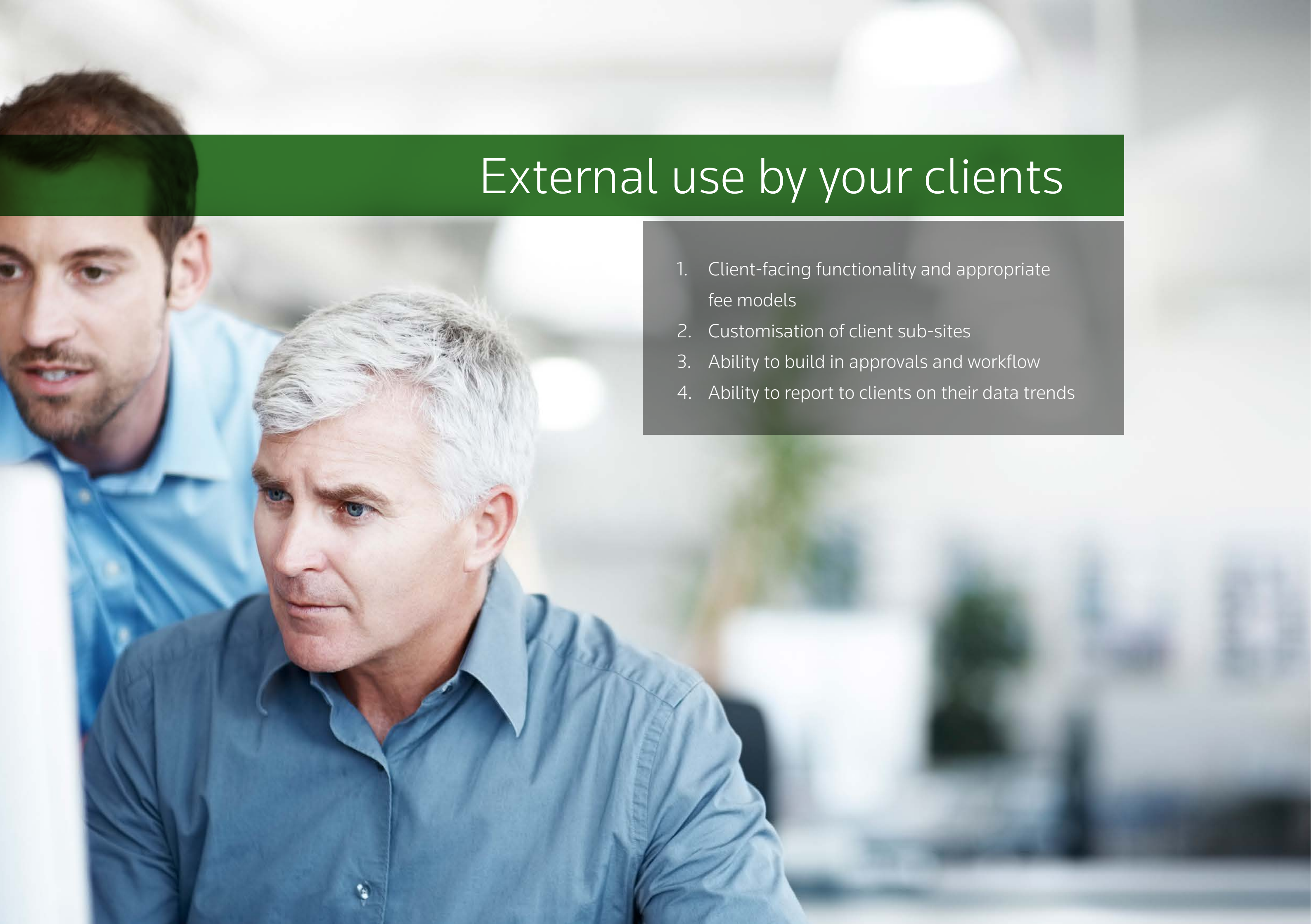
It is also helpful if the system will incorporate your existing knowledge bank including external resources. Even better, look for software where the information inserted into the early steps of the workflow can readily be mapped to the automation questionnaires so that they are pre-populated when the lawyer opens them to draft a document.

6 Ability to build in approvals and workflow

I think the best document automation software out there at the moment allows you to build some governance and workflow into your questionnaires.

Senior lawyers can embed their knowledge into the questionnaires and workflow, adding guidance and alerts to each stage and question. This allows junior lawyers to train via "just-in-time" learning whilst using document automation questionnaires and workflows. By allowing firms to pass the preparation of first drafts to a more junior level of resource they can also have the added benefit of further improving margin.

A team can also set up an approval workflow so that the initial work prepared by a junior can be checked by a supervisor or give them some workflow ideas as to what to do next and move information inputted from one stage to the next.



External use by your clients

1. Client-facing functionality and appropriate fee models
2. Customisation of client sub-sites
3. Ability to build in approvals and workflow
4. Ability to report to clients on their data trends

1 Client-facing functionality and appropriate fee models

Often law firms want to allow their clients and third parties access to the questionnaires. Some do this as a new revenue stream, or for business development or as an added value tool.

It is important to consider early on if your firm might require this functionality and to establish any additional user charges the software company many charge if so and factor these into your business plan.

2 Customisation of client sub-sites

It is essential that when your clients login to your document automation offering that they have a ring-fenced area for only their documents that cannot be accessed by other clients. For this reason, ensure the software you procure allows you to create sub-sites.

You will want to customise these sites, perhaps with your client's branding for example, to allow their in-house teams to feel like it is a part of their everyday IT system. Ideally, you will want to co-brand it so that it is also a powerful business development tool, with your clients also seeing your firm's name and branding everyday as they use this powerful tool.

3 Ability to build in approvals and workflow

This consideration is probably even more important to your clients than for your own firm's use.

Clients will want to use document automation to help with internal governance between their business and their legal team. For example, the clients may want the business to produce their own supply contracts unless certain triggers are met that would require the drafting and checking of the contract to be passed to legal – perhaps the value, the payment terms or the jurisdiction of the supplier.

Choosing a software that allows workflow and approvals to be easily implemented will enable you to help your clients solve the problems and capacity issues of their in-house teams much more effectively than by simply enabling them to do document automation without any other features

4 Ability to report to clients on their data trends

In the same way that you can save the information your lawyers are inputting, as in the Employment Tribunal example above, when you set up document automation for your clients you can ask them about information that would be useful for them to capture and look at how best to report it back to them. Could the information be easily incorporated and displayed in an online dashboard for example?

Next Steps

Once you have compared the software solutions available on the market against the above points, what are your next steps?

1. **Build your business case** – scope potential documents to automate and consider the time savings they could bring to establish return on investment.
2. **Consider how to resource your project** – in-house, outsource, or as many law firms are now developing, a hybrid of the two.

Final Recommendations:

1. **Talk to your peers at other law firms** – which software did they choose and why? What lessons did they learn? What would they do differently if they were to start again?
2. **Ask the software provider of choice whether you can run a pilot.** Choose one area of your business to pilot in and take feedback from the lawyers. Look for practice areas which have either a high volume of similar transactions, for example Real Estate Asset Management, or, long highly complex documents where by asking just a few questions you can reduce the amount of drafting dramatically, for example, Corporate SPAs or Banking Facility Agreements. Have a soft launch and a firm wide launch.
3. **Brand your solution.** This will help to distinguish your product and service, rather than simply referring to 'document automation'. I often hear lawyers referring to different descriptions, like 'document assembly', 'document automation' and 'automated drafting': by referring to one name only, your lawyers will engage more strongly with your branded solution.