SCG Legal AI Exchange

By Mark Medice

24 June

LawVision

Mark Medice

- Leads the Pricing, Data, AI Strategy practice at LawVision, focusing on performance and law firm design

- Experienced as a legal practitioner, industry economist, industry pricing expert and data strategist for performance

- Started career with IBM in software, in-house counsel at Procter & Gamble, Associate at Morgan Lewis

Participants in the Forum

Our Participants and Purpose

Our Participants

- 80 participants

- 50 firms

- 6 Regions

- Lawyers and Allied Professionals

Our Purpose

- Priorities & Purpose

- Engaging Meetings

- Draw out relevant issues for you act

Our 2024 Roadmap

SCGLEGAL®
A WORLDWIDE NETWORK OF LEADING LAW FIRMS

Meeting Topics and Times

April 16 @ 10:30 am - Noon ET

INDUSTRY INSIGHTS AND LESSONS

- BUILD/BUY
- KEY USES CASES
- INVESTMENT COSTS / ROI
- TOOLS
- EDUCATIONAL CURRICULA

May 23 @ 10:30 am - Noon ET

ETHICS AND GOVERNANCE

- POLICIES AROUND USES
- VIEWS FROM INSURANCE CARRIERS
- AI RISK MANAGEMENT ISSUES GENERALLY

June 25 @ 10:30 am - Noon ET

APPLICATIONS AND DESIGN

- KEY USE CASES
- PRIORITIES AND SPEED
- BUSINESS MODEL CHANGES
- RATES AND PRICING
- CAPITAL NEEDS
- TOOLS AND TECHNOLOGIES

July 23 @ 10:30 am - Noon ET

RISK SHARING AND COLLABORATION

- SHARED RESOURCES
- JOINT PROJECTS
- INVESTMENT CAPITAL
- VENDOR NEGOTIATION
- COLLABORATIVE MODELS

These topics will evolve through our 2024 experiences with the 5 virtual sessions and annual meeting workshop

AI Exchange Partner

LawVision Digital
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June 24 Roadmap

- Current events

- A Closer Look at AI's Impact on the Law Firm Business Model

- Panel Discussion with Emanuel

- Break out Sessions and Report Back

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Recent News

The AI Revolution Is Already Losing Steam

The pace of innovation in AI is slowing, its usefulness is limited, and the cost of running it remains exorbitant

By *Christopher Mims* [Follow]
May 31, 2024 9:00 pm ET

814 | Gift unlocked article | Listen (9 min)

- **AI improvement is slowing.** The rapid advancements in AI capabilities have significantly slowed, with diminishing returns from data adding more data

- **High costs and low returns**. Costs associated with building and running AI systems are incredibly high, but the revenue generated so far is relatively low. *Why are the arms suppliers making all the money?*

- **Last mile problem**. The initial AI glance is promising but significant commercial production issues exist
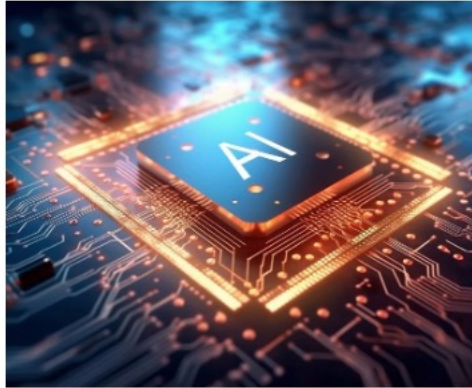
THE AI INDEX REPORT

Measuring trends in AI

Artificial Intelligence
Index Report 2024

AI INDEX ANNUAL REPORT

Welcome to the 2024 AI Index Report

Welcome to the seventh edition of the AI Index report. The 2024 Index is our most comprehensive to date and arrives at an important moment when AI's influence on society has never been more pronounced. This year, we have broadened our scope to more extensively cover essential trends such as technical advancements in AI, public perceptions of the

DOWNLOAD THE FULL REPORT

Generative AI. Credit: Nataliia / Adobe Stock

Lawyers with AI Skills Can Enjoy 49% Wage Premium, Research Shows

A report by PwC highlights that sectors with highest AI penetration 'are seeing almost fivefold greater labour productivity growth'.
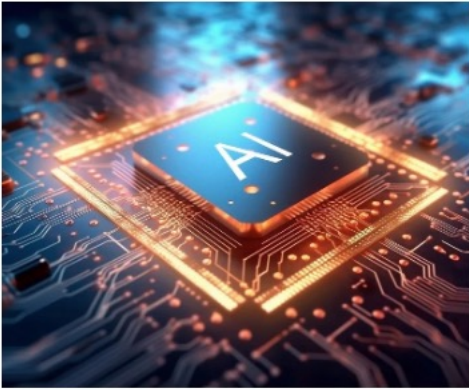
May 22, 2024 at 07:17 AM

🕐 2 minute read

Artificial Intelligence

Kasvi Sehgal ↗
Reporter

NEWS

Lawyers with AI Skills Can Enjoy 49% Wage Premium, Research Shows

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May 22, 2024 at 07:17 AM

🕐 2 minute read

Artificial Intelligence

Kasvi Sehgal ⤴
Reporter

Generative AI. Credit: Nataliia / Adobe Stock

Lawyers with AI skills could earn up to 49% more, research by PwC has found.

According to the study, job vacancies for lawyers that require AI skills can carry a 49% wage premium in the U.S., while ones in the U.K. can secure a 27% wage premium.

The report claims that skills such machine learning or neural networks are valuable to companies across the professional services, information and communication, and financial services sectors.

PwC's 'barometer' report deep dives into how AI is changing the world of work. It rationalises that rising labour productivity can "generate economic growth, higher wages, and enhanced living standards", highlighting that "sectors with highest AI penetration are seeing almost fivefold greater labour productivity growth".

In the legal sector, many of the top law firms in the U.K. have made at least tentative steps into developing an AI capability, using platforms such as Harvey to leverage machine learning. Since late 2022 with the advent of generative AI such as ChatGPT, other platforms have been made available to the legal industry, setting off a flurry of interest from law firms.

The report also highlighted that Singapore had the highest number of AI-related job vacancies.

It is, however, unclear what impact AI will have on the market, as most firms have yet to fully integrate AI technology and, moreover, it remains to be seen how firms will use the technology on more lucrative transactional and litigation work.
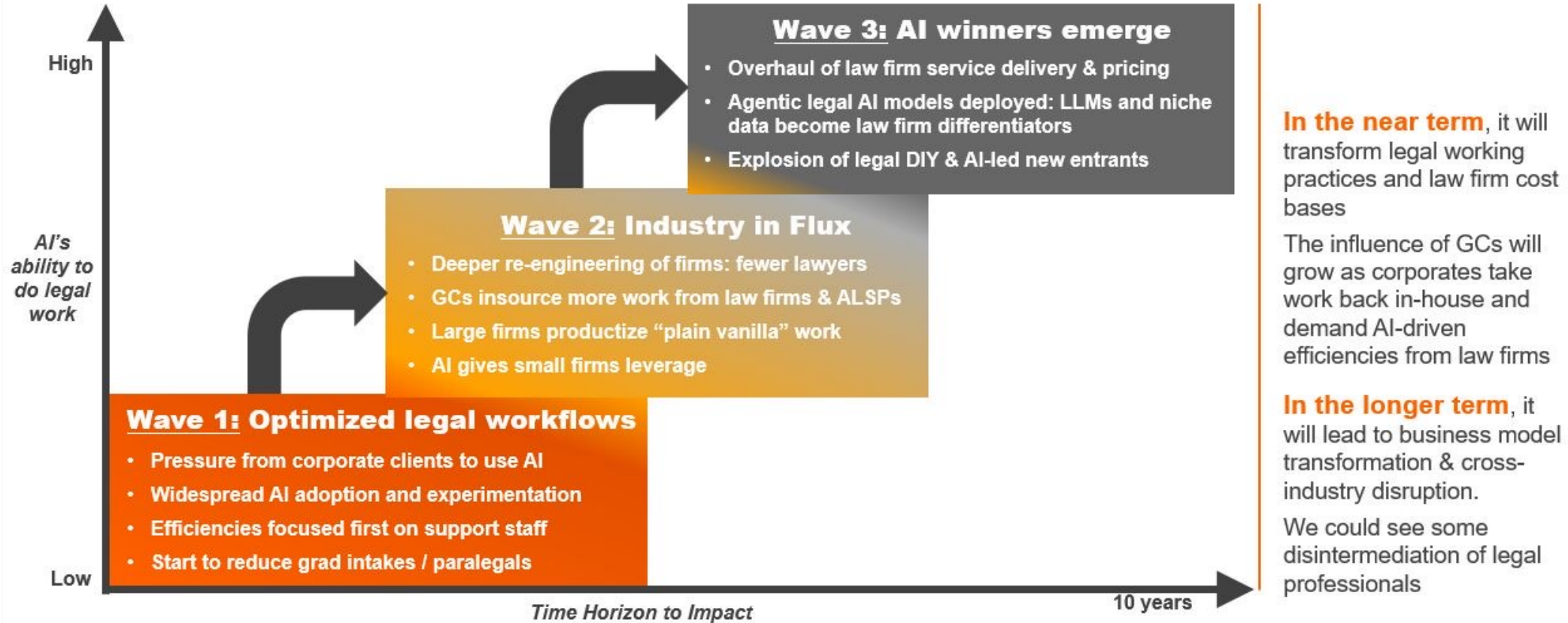
The PwC report states: "The analysis revealed that sectors with higher AI exposure are experiencing much higher labour productivity growth. At the same time, the skills demanded by employers in AI-exposed occupations are changing fast."
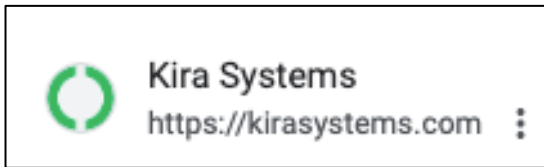
BS Meter

Applications and Design

We predict 3 overlapping waves of transformation

Wave 3: AI winners emerge
- Overhaul of law firm service delivery & pricing
- Agentic legal AI models deployed: LLMs and niche data become law firm differentiators
- Explosion of legal DIY & AI-led new entrants

Wave 2: Industry in Flux
- Deeper re-engineering of firms: fewer lawyers
- GCs insource more work from law firms & ALSPs
- Large firms productize "plain vanilla" work
- AI gives small firms leverage

Wave 1: Optimized legal workflows
- Pressure from corporate clients to use AI
- Widespread AI adoption and experimentation
- Efficiencies focused first on support staff
- Start to reduce grad intakes / paralegals

AI's ability to do legal work — High / Low

Time Horizon to Impact — 10 years

In the near term, it will transform legal working practices and law firm cost bases

The influence of GCs will grow as corporates take work back in-house and demand AI-driven efficiencies from law firms

In the longer term, it will lead to business model transformation & cross-industry disruption.

We could see some disintermediation of legal professionals

THOMSON REUTERS

You Can't Buy Your AI Strategy

Keeping Pace or Breaking Out

Classifying the Strategic Benefits by the Firm is Crucial

7 Powers of Business Strategy

The Foundations of Business Strategy by Hamilton Helmer
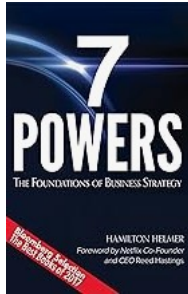
7 Powers by Hamilton Helmer

7 POWERS — The Foundations of Business Strategy — HAMILTON HELMER, Foreword by Netflix Co-Founder and CEO Reed Hastings

		Barrier (to Challenger)			
		Unwilling to Challenge		**Unable to Challenge**	
		plus uncertainty			
		Collateral Damage	Share Gain Cost / Benefit	Hysteresis	Fiat
Benefit (to Power Holder) — Δ Cost	Input		Scale Economics		Cornered Resource
	Scale of Prodnc/ Distn		Scale Economics		Cornered Resource
Δ Value (=> P ↑)	Prodnc/Distn Approach	Counter-Positioning		Process Power	Cornered Resource
	Superior Deliverables	Counter-Positioning		Process Power	
	Affective Valence		Switching Costs	Branding	
	Uncertainty		Switching Costs	Branding	
	Benefits from Other Users		Network Economics		

Legend:
- **Origination** (orange)
- **Takeoff** (green)
- **Stability** (blue)

Side notes:
- Counter-Positioning. Per-unit cost decreases as volume increases
- Cornered Resources. Better access to resources
- Scale. Value of service enhanced as new clients join
- Switching. Expensive for clients to switch
- Network. Advantage realized as more people use your service.
- Process Power. processes enabling lower costs and a better outcome
- Brand. Value of brand if connects to pricing power

Source: Hamilton Helmer Foundations of Business by Hamilton Helmer

www.strategypunk.com

Applications and Design Interview

Emanuel Callejas

Carrillo & Asociados

Abogado Y Notario

Emanuel is an attorney-at-law and a certified fraud examiner. He is focused on the prevention, detection, and investigation of fraud, risk management, and compliance matters.

Exercise for Today – Applications and Design

Breakout Session: AI Applications and Design

Objective

To share your firm's AI activities in the context of AI A&D.

Agenda

Introduction (10 minutes)

- Each group member introduces themselves, sharing their name, role, and firm.
- Briefly discuss your firm's current stance or efforts in AI strategy.
- Assign a Scribe to document these on paper or in a Microsoft Word document.
- Assign a Reporter to share your results

Discussion and Brainstorming (15 minutes)

- What applications are you deploying and using?
- What classifications do you use?
- Are you prioritizing business applications compared to legal services and delivery?
- Are you pricing differently due to these applications this year or next?
- What other elements of the business model are changing?
- Are you realizing productivity gains?

Deliverable Creation (5 minutes)

- Compile a collaborative list of issues and ideas you generated as a group.

Preparation for Sharing (5 minutes)

- Finalize the list and ensure it's clear and concise for sharing.

Deliverable

- A list of the top 3 takeaways from your conversations based on risks and opportunities
- Identify the most salient points to share with the group
- Any other insight your team deems relevant

Tips for a Productive Session

- Listen actively and encourage participation from all group members.
- Focus on actionable strategies that can realistically be implemented within the year.
- Consider both short-term wins and long-term visions for your AI strategy.

Sharing & Collaboration

- After the session, please email the finalized list to [designated email] or upload it directly to the shared SCG website.
- These documents will be foundational for ongoing strategy development and cross-firm collaboration.

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Discussion

Mark Medice

412-721-9475

mmedice@lawvision.com