



SCG Legal AI Exchange

By Mark Medice

23 May

Lawvision 
CREATING COMPETITIVE ADVANTAGE

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

Panelists Wanted!

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





May 23 Roadmap

- Current events
- Recent Survey Results
- Introduction to ethics and considerations
- Panel Discussion with Lisa Ziegert and David McCarville
- Break out sessions and report back

Recent News



SCG LEGAL

LawVision
CREATING COMPETITIVE ADVANTAGE

McKinsey Quarterly

A generative AI reset: Rewiring to turn potential into value in 2024

March 4, 2024 | Article

Law firms are aiming to cut costs and boost productivity by developing tools based on generative AI. This technology is quickly and is being rolled out, but it also brings challenges and hallucinations. Some firms face regulatory challenges

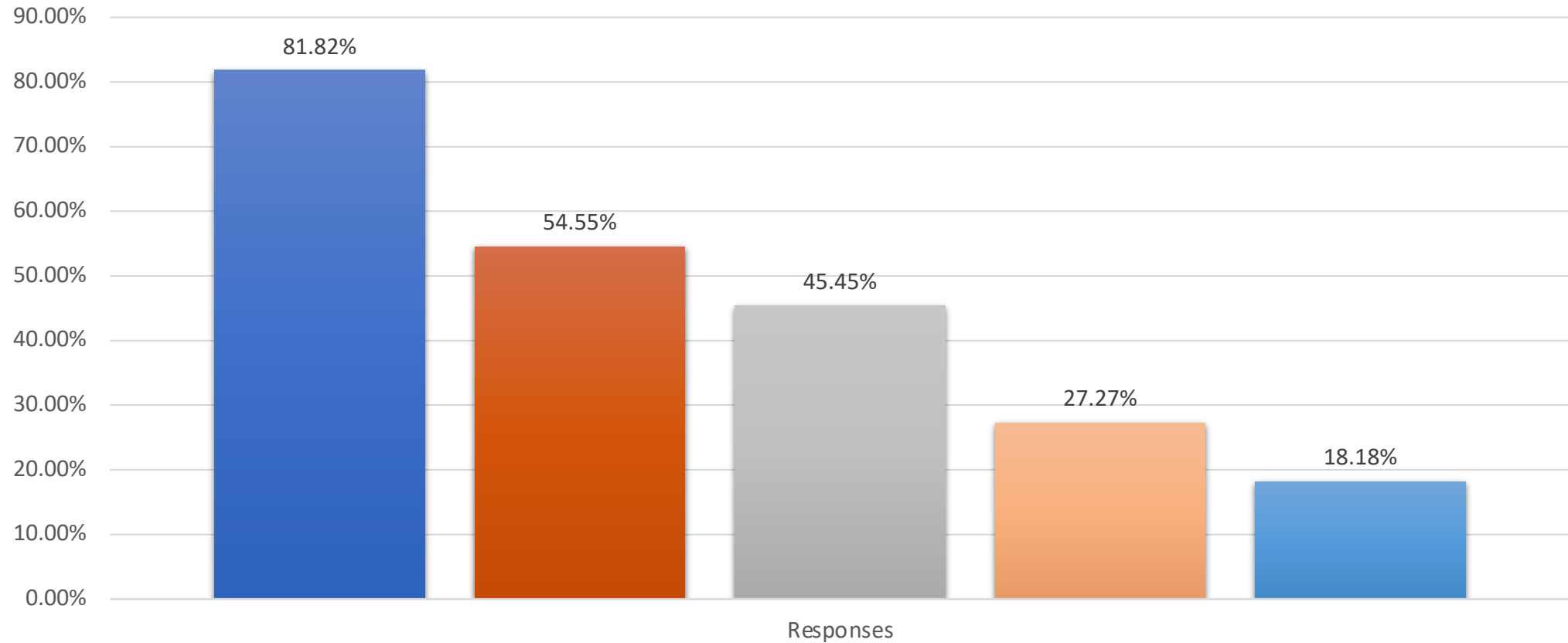
like trying to find a path through a dense fog of AI noise. Despite these obstacles, it's essential to keep pushing your projects forward. In this issue, we provide industry examples to help sustain progress in your AI endeavors.

aiming to a bounty program and is co, can draft legal advice is, such as inaccuracies firms face quality and for the legal sector.

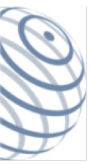
Recent Survey of Priorities



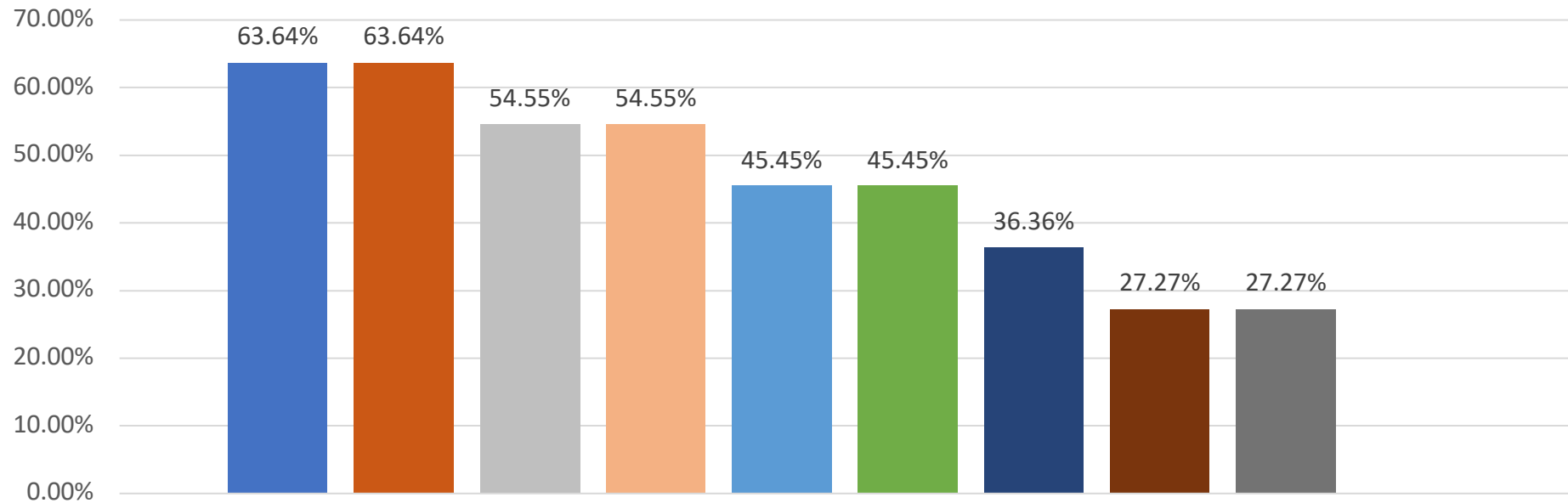
AI Strategy Pulse Check - How Are Our Meetings Helping? (One or more)



- aiding in setting priorities for our AI initiatives.
- helping to surface critical issues and providing clarity on them.
- supporting strategizing about potential AI-related services.
- guiding decisions on whether to procure specific solutions.
- facilitating determining the extent of needed customization.



Series Meeting Topic Preferences for the Balance of 2024? (Select one or more)



Responses

- What problems to solve - business of law
- What problems to solve - practice of law
- How much to invest / what to expect
- What other firms in SCG (in the group) are doing
- How to build my 2025 AI action plans
- AI strategy methods
- Ethics and compliance
- Resourcing and skills
- State of the AI and some insight about where this is going
- Other (please specify)

AI Strategy, Ethics and Compliance

Issues and Resources

WHY LAWYERS MUST RESPONSIBLY EMBRACE GENERATIVE AI

Natalie A. Pierce and Stephanie L. Goutos¹

*"AI won't replace lawyers, but lawyers who use AI will replace lawyers who don't."*²

INTRODUCTION

The legal industry is on the brink of transformative change, driven by the power of artificial intelligence (AI). Brad Smith, Vice Chairman of Microsoft, equates generative AI (GAI)³ with the "invention of the internet."⁴ The release of OpenAI's ChatGPT⁵ at the end of 2022 triggered

¹ Natalie Pierce is a Gunderson Dettmer Partner and Chair of the Employment & Labor Group. Her practice focuses on the needs of emerging companies, venture capital and growth equity firms. She also focuses on the future of work, including counseling companies on incorporation of generative artificial intelligence and other enhancement technologies. Natalie hosts Gunderson's *FutureWork Playbook* podcast, and was selected as a Fast Case 50 Award Winner, one of Daily Journal's "Top Artificial Intelligence Lawyers" and "Top Labor and Employment Lawyers," Chambers USA's "Minority Lawyer of the Year," American Lawyer "Best Mentor," San Francisco Business Times "Bay Area's Most Influential Women," and was a member of the Governing Council of the ABA's Center for Innovation. Natalie earned her B.A. at UC Berkeley with Honors, and her law degree from Columbia University School of Law, where she was a Harlan Fiske Stone Scholar and recipient of the Emil Schlesinger Labor Law Prize at graduation.

Stephanie Goutos is a Practice Innovation Attorney at Gunderson Dettmer, where she leads the strategic innovation and knowledge management initiatives for the firm's Employment & Labor practice. Stephanie's accolades include successfully defending multi-state class actions and implementing legal tech solutions that have revolutionized firm-wide processes. Her strategic foresight identifies risks and opportunities well ahead of the curve, making her an invaluable asset in dynamic, complex environments. With her background in class action defense, litigation, and employment counseling, Stephanie bridges her traditional legal expertise with an unyielding passion for forward-thinking innovation strategies. In doing so, she offers a uniquely holistic approach to problem-solving, providing exceptional value to stakeholders. She is passionate about spearheading transformative change, achieving tangible outcomes, fostering innovation across organizations, and mentoring women to become more involved in the legal technology industry.

² This statement is now becoming oft repeated as it perfectly summarizes AI's role in the legal industry. See Suzanne McGee, *Generative AI and the Law*, LEXISNEXIS, 2023, <https://www.lexisnexis.com/html/lexisnexis-generative-ai-story/> (noting the widespread popularity of this catchphrase as more professionals comment on the integration of GAI into the legal industry.).

³ Eben Carle, *Ask a Techspert: What is Generative AI?*, Google, <https://blog.google/inside-google/googlers/ask-a-techspert/what-is-generative-ai/>, (last visited June 13, 2023)(defining GAI and noting it can take what it's learned from examples it's been shown and create something entirely new based on that information).

⁴ See Danny D'Cruze, *India Today Conclave 2023: Microsoft President Brad Smith says AI could be as big as Internet*, BUSINESS TODAY, Mar. 18, 2023, <https://www.businesstoday.in/technology/news/story/india-today-conclave-2023-microsoft-president-brad-smith-says-ai-could-be-as-big-as-internet-373869-2023-03-18> (last accessed May 11, 2023).

⁵ ChatGPT is a cutting-edge part of the GAI wave, advanced systems that have the ability to produce a wide range of content, including images and text. This technology is widely predicted to redefine the future of

Intl Association of Privacy Professionals AI Tracker

This map shows which jurisdictions are in focus and covered by this tracker. It does not represent the extent to which jurisdictions around the world are active on AI governance legislation. Further information on specific jurisdictions can be found within [the tracker](#).



A human rights approach to AI
Ten core principles lay out a human-rights centred approach to the Ethics of AI.

1. Proportionality and Do No Harm	2. Safety and Security
3. Right to Privacy and Data Protection	4. Non-discrimination and Equality
5. Right to Fair and Equitable Treatment	6. Accountability and Transparency
7. Right to Explainability	8. Human Oversight
9. Human Dignity and Well-being	10. Environmental Sustainability
11. Ethical Governance and Stewardship	





Select all that apply about your AI ethics and and compliance policies

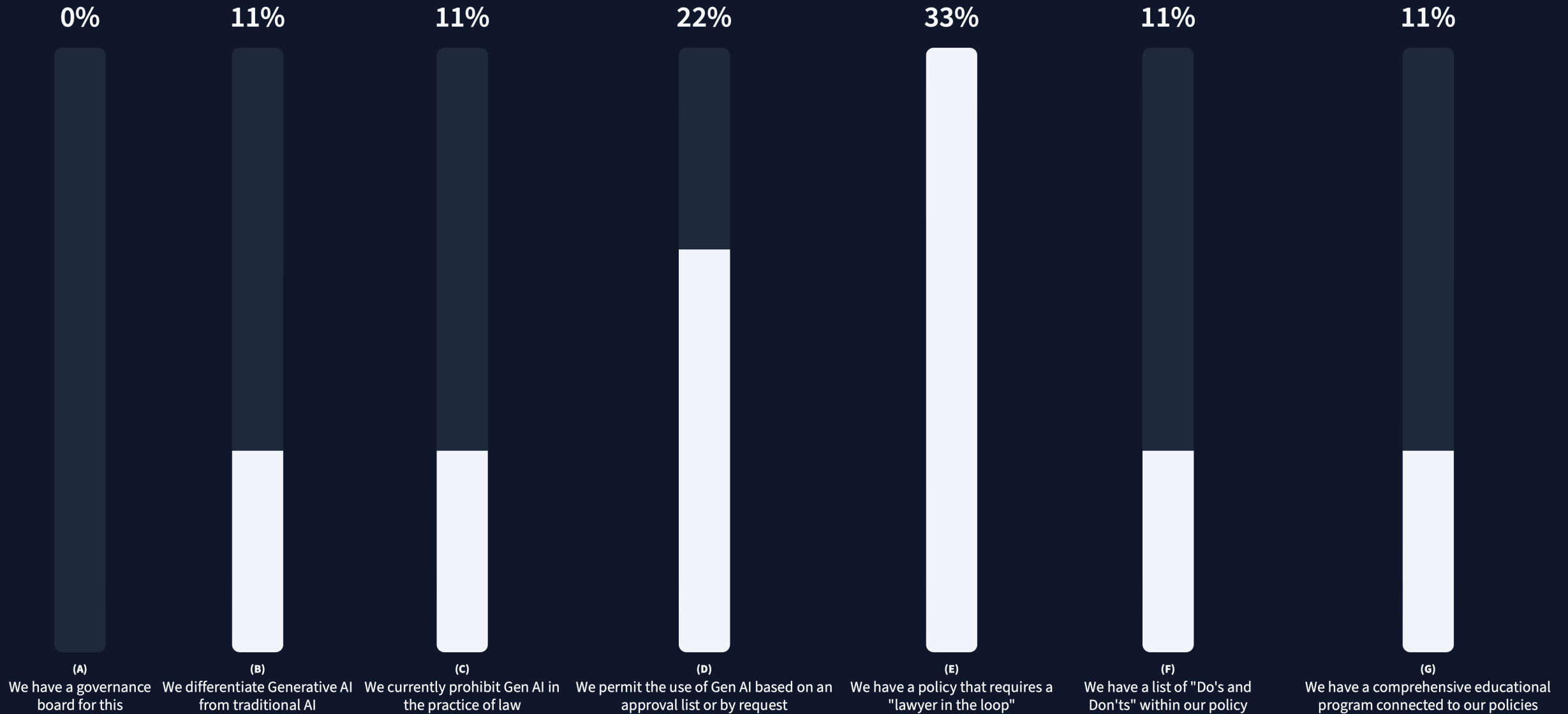


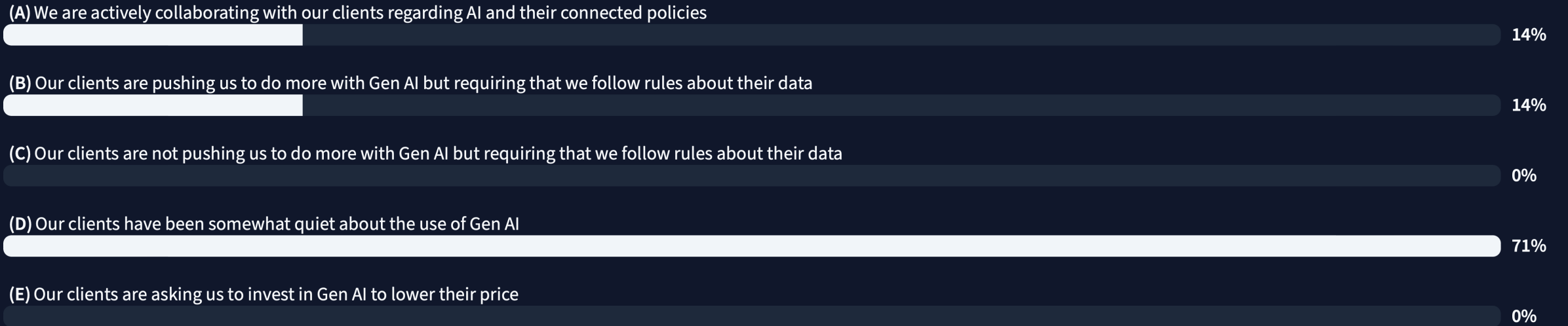


Illustration of the US Legal Ethics Codes & Policies Implicated by the use of AI

- **Confidentiality**
 - Principle: Lawyers must ensure that any AI tools they use maintain client confidentiality and protect sensitive information.
 - Relevant Codes/Policies:
 - *ABA Model Rule 1.6 (Confidentiality of Information): Lawyers must not reveal information relating to the representation of a client unless the client gives informed consent.*
- **Competence**
 - Principle: Lawyers must have a sufficient understanding of the AI technology they use to ensure it is appropriate and effective for their practice.
 - Relevant Codes/Policies:
 - *ABA Model Rule 1.1 (Competence): Lawyers must provide competent representation to a client, requiring the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation, including understanding the technology used.*
- **Supervision**
 - Principle: Lawyers must supervise non-lawyer assistants, including AI tools, to ensure that their use complies with professional obligations.
 - Relevant Codes/Policies:
 - *ABA Model Rule 5.3 (Responsibilities Regarding Nonlawyer Assistance): Lawyers must make reasonable efforts to ensure that the conduct of nonlawyers under their supervision is compatible with the professional obligations of the lawyer.*
- **Transparency**
 - Principle: Lawyers must ensure transparency in how AI tools are used, including limitations and the potential for errors, and must inform clients about the use of AI when appropriate.
 - Relevant Codes/Policies:
 - *ABA Model Rule 1.4 (Communication): Lawyers must communicate with clients about the means by which the client's objectives are to be accomplished, including the use of AI tools.*
- **Fairness and Bias**
 - Principle: Lawyers must ensure that AI tools do not introduce or exacerbate biases, and they must be vigilant about the fairness and impartiality of AI-generated outcomes.
 - Relevant Codes/Policies:
 - *ABA Model Rule 8.4 (Misconduct): Lawyers must not engage in conduct that is prejudicial to the administration of justice, which includes ensuring that AI tools do not perpetuate bias or discrimination.*



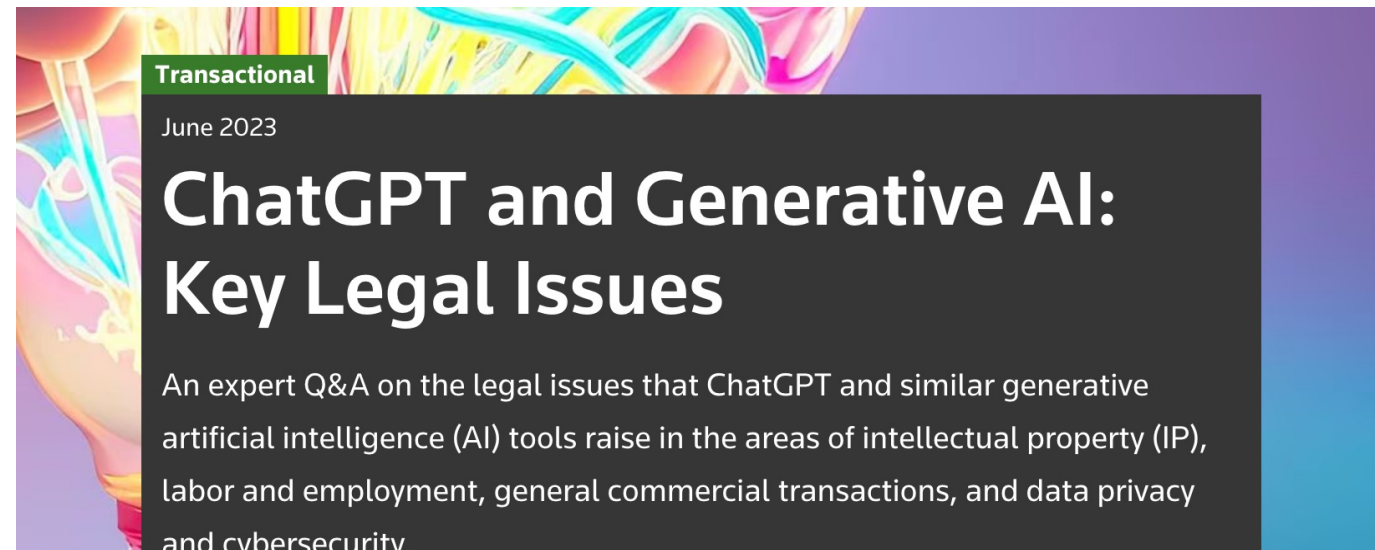
Client collaboration and connection re Gen AI and ethics





Legal Framework from Practical Law Article

- IP, including:
 - protectability of AI-generated content; and
 - infringement risks when using AI-generated content.
- Labor and employment, including:
 - possible replacement of employee functions; and
 - risks to employers of using AI tools.
- General commercial transactions, including:
 - risks of disclosing confidential information;
 - risks of vendors using AI tools; and
 - marketing pitfalls when promoting use of AI tools.
- Data privacy and cybersecurity, including:
 - potentially applicable data privacy laws and regulations;
 - misinformation concerns; and
 - algorithmic biases.



PRACTICAL LAW
— THE JOURNAL —



New Industry or Practice



Transactional | Technology | Legal Industry | Intellectual Property | Data Privacy

Law firm Sullivan & Cromwell joins AI gold rush with new practice

By Sara Merken

May 9, 2024 4:47 PM EDT · Updated 12 days ago



Sullivan Cromwell law firm in New York City, U.S., July 27, 2022. REUTERS/David Dee Delgado [Purchase Licensing Rights](#)

- Sullivan & Cromwell established new AI practice in May 2024 to meet the the increasing demand for AI-related services
- Practice includes leaders from IP and finance practices in Silicon Valley, New York, and London
- Firm notable clients include OpenAI, Character.ai and Symbotic
- Formalizing the AI practice will help the firm capitalize on AI-related dealmaking, litigation and regulatory work
- S&C has been integrating AI tools into its operations collaborating with LAER AI since 2015 to develop a document review tool



Esteemed Panelists re AI Ethics and Strategy



David A. McCarville

Fennemore
Director

David is a succession planning, business, and finance lawyer. He is co-chair of the Arizona Banking Association Emerging Technology, a member of the firm's DEI Committee. He is an Adjunct Professor at Arizona State University and teaches a course titled Blockchain & Cryptocurrency: Law and Policy.



Lisa Ziegert

Hall & Wilcox
Director, Client Solutions

Lisa is the Client Solutions Director at Hall & Wilcox, where she drives the firm's 'Smarter Law' program by fostering innovation and embracing technology, including emerging technology such as Generative AI. Lisa's team is focused on bring Smarter Law alive for the firm and its clients.



Discussion Roadmap

- Panel Introductions
- Overview of your firm's AI journey and its intersection with AI ethics and compliance
- Key policies you have adopted and/or extended. Assistance from insurance carriers
- Tools, applications, deployments and their intersection to ethics and compliance
- Business of law/practice of law
- Business model considerations
 - Pricing, selling hours, CAPEX
 - Outside investment / fee-splitting / reasonable fees
 - Scale and consolidation
- Specialized applications and current application extensions
- GenAI / Traditional AI
- Data
 - Protection and client considerations
 - Data strategy
- Client policies and collaboration

Exercise for Today – Ethics Considerations



Breakout Session: AI Ethics Discussion

Objective

To share your firm's AI activities in the context of AI ethics.

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)

- Discuss what you believe are key issues for AI ethics in law firms.
- Connect those issues with how your firm has acted, see examples below
- Have you factored insurance carrier guidance, segmented your AI applications based on client data, model learning, and privacy; have you made any changes to your operations like rates/pricing, compensation, practice structure
- Discuss anything else you deem relevant and important

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 risks and opportunities re applications, client data, access to GenAI
- Any other insight your team deems relevant

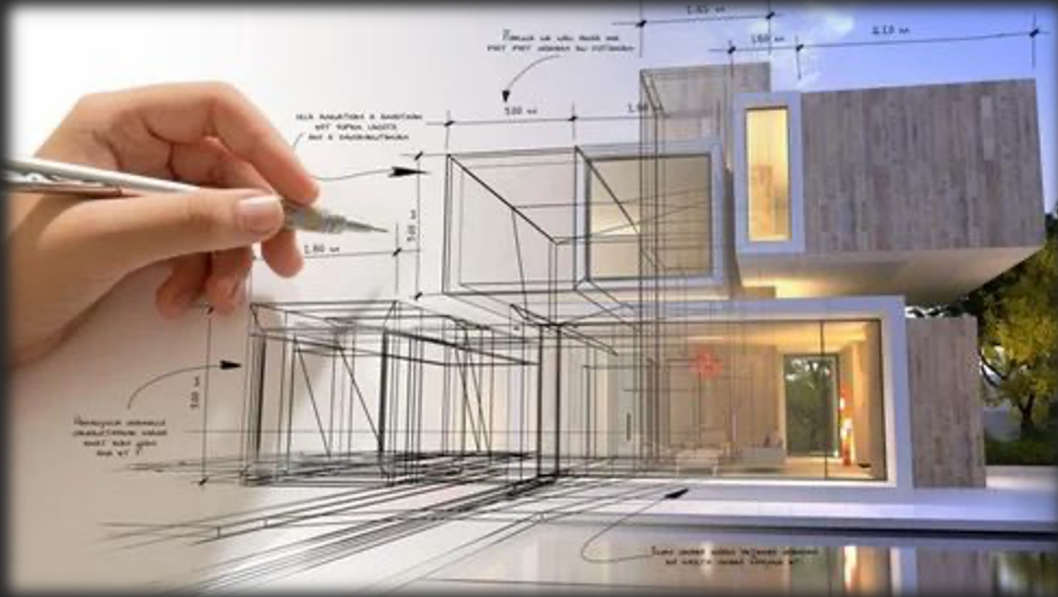
Tips for a Productive Session

- 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.

AI Ethics Considerations



Regulatory Compliance:

- Stay abreast of global and local AI regulations and ensure data protection laws (e.g., GDPR, CCPA) compliance.
- Monitor and adapt to new legislation specifically targeting AI technologies.

Ethical Guidelines:

- Develop and adhere to ethical guidelines for AI use, focusing on transparency, accountability, and fairness.
- Ensure that AI systems do not perpetuate biases and that AI decisions can be explained and justified.

Data Privacy and Security:

- Implement robust data privacy and security measures to protect client information.
- Regularly audit AI systems for vulnerabilities and ensure data used for AI training is anonymized and secure.

AI Governance Framework:

- Establish a governance framework that outlines roles, responsibilities, and oversight for AI projects.
- Create an AI ethics committee to oversee the implementation and use of AI technologies.

Integration with Legal Practices:

- Assess how AI can be integrated into legal practices to enhance efficiency and accuracy.
- Identify areas where AI can assist, such as document review, legal research, and predictive analytics.

Client Communication and Transparency:

- Communicate to clients how AI technologies are used in their cases.
- Ensure clients understand the benefits and limitations of AI in legal services.

Continuous Training and Education:

- Invest in continuous training for staff to stay updated on AI developments and best practices.
- Foster a culture of learning and adaptation to new technologies.

Vendor Management and Collaboration:

- Carefully vet AI vendors and collaborate with reputable tech partners.
- Ensure third-party AI solutions meet the firm's ethical and security standards.

Impact on Workforce:

- Address the impact of AI on the workforce by reskilling and upskilling employees.
- Ensure a smooth transition for employees whose roles may be affected by AI automation.

Strategic Innovation:

- Stay ahead of the curve by investing in AI research and development.
- Encourage innovation within the firm to explore new AI applications and enhance competitive advantage.

Discussion

Mark Medice
412-721-9475
mmedice@lawvision.com