ELM Solutions

Not All AI is the Same – Understanding What Drives AI Leadership in Legal Bill Review

Wolters Kluwer

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Introduction

Big data and artificial intelligence (AI) are two major initiatives that businesses have undertaken with varying levels of success in the past decade. These disciplines and technologies reach into every corporate realm, and corporate legal and claims litigation departments are in a unique position to take advantage of benefits such as:

Better intelligence to drive decisions

Improved productivity and more efficient workflows

Increased compliance and cost savings

Legal bill review is an area of legal operations where AI is rapidly expanding. The challenge lies in choosing the right technology partner to help you drive the best billing outcomes and get the most out of your technology investment. This eBook will help you evaluate AI technologies, and choose the right vendor for your applications. Leading providers should have extensive expertise, robust data, and innovative technology to solve your legal operations challenges and improve high-value workflows. Applying AI is no longer an optional "nice to have," it's a necessity to reach desired compliance and cost management goals.

Data – The key to AI quality/performance

To achieve high AI quality and performance, you must have clean data that allows you to make data-driven decisions. Most companies are sitting on large amounts of data. But much of that data contains errors or is too incomplete to create a story or pattern that leads to actionable decisions.

As law departments consider using AI, it is critical to understand the symbiotic relationship between good, clean data, and high-performance AI. Successful use of AI is contingent on data integrity, which speaks to the ability to rely on data and be confident in its overall accuracy, completeness, and consistency. Having clean data to feed into AI algorithms gives it the accurate data to identify patterns and trends quickly and provide actionable insights that affect day-to-day tasks.

Wolters Kluwer addresses this issue by having the solutions to parse and extract meaning out of large data sets and the industry's largest database of accurate legal spend information. Our LegalVIEW database contains over $180B+ of factual invoice information and serves as the foundational data in most of our data models and industry benchmarking.

How do organizations achieve high AI performance?

Create clear data rules and definitions to ensure new data entering your record systems is clean, complete, and high quality. This is the "food" your AI engine will use to provide good decision support.

AI still needs humans

One misconception is that AI will replace humans. The truth is that AI can do routine tasks and reduce the time it takes to perform them, but replacing humans is unlikely, especially in highly specialized fields like the legal profession, where expertise, logic, and intuition are required.

AI increases process efficiency and allows you to spend more time and energy on high-value work. A human could spend weeks or months looking for out-of-pattern billing violations and timekeeper errors, but the AI could do the same task in hours or days. These tasks can be augmented by AI, making them easier to perform while also providing value to the business.

Lawyers and other legal experts will always be necessary to understand the intricacies of the law and the complexities of legal matters. AI can remove or reduce specific tasks to streamline workflows, but it will lack authentic human intelligence, emotions, and consciousness.

Let's look at how adding AI to your legal operations can drive better business outcomes.

AI for legal operations

Law department operations continue to improve year over year. However, despite these improvements, various challenges stand in the way of maturation. The biggest challenges are:*

- Cost control
- Budget management
- Business process improvement
- Management/ retention of department resources
- Dated technology

* 2020 13th Annual Law Department Operations Survey, Blickstein Group

In the past year, adopting legal technology has allowed corporate legal departments to develop better workflows that will enable their attorneys to focus on higher-value work and improve decision making. According to the 2020 Bloomberg Law Legal Ops Survey, 82% of legal departments adopt new legal technology to increase their operational efficiencies. What's more, many law department leaders embrace AI technology and experiment with their innovation efforts. For some, it means strategically focusing on a smaller number of game-changing technologies and piloting new approaches. For others, it's a focus on a more significant number of tests that can deliver easy wins across a broader set of business objectives. Either way you slice it, law department leaders and legal operations professionals are using AI technology to usher in new ways of working to address some of their biggest challenges.

"Spending on AI software will top $125B by 2025 as organizations weave AI and machine learning tools into their business processes. In parallel, investors have poured more than $5B into over 1,400 AI-fueled sales and technology companies to meet this demand."

-- **Forbes, Realizing the Growth Potential of AI**

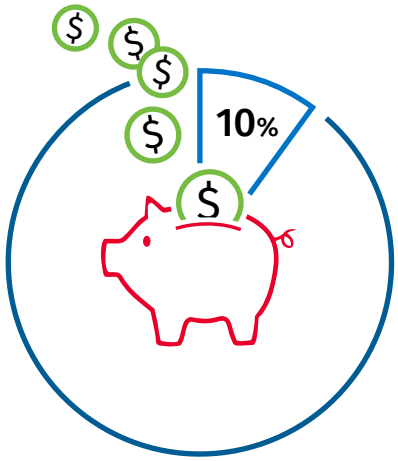
Maximizing the value of AI for legal bill review

The legal bill review process is time-consuming, error-prone, and relies heavily on taking time away from attorneys whose jobs increasingly focus on driving business value, not just legal value.

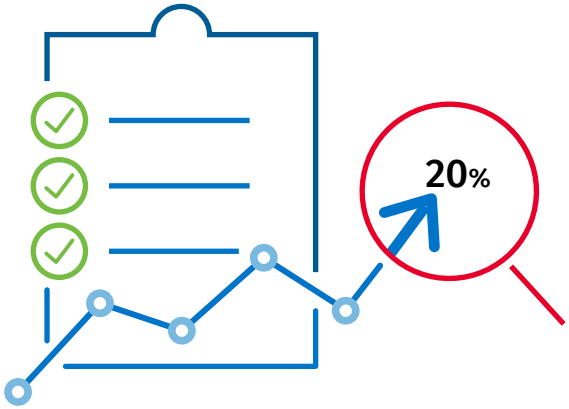
Many organizations have dedicated bill reviewers who spend their days combing line times to ensure the invoices properly reflect the legal work performed and are compliant with the billing guidelines. And for other organizations, attorneys are spending valuable time reviewing bills.

Traditional spend management, which includes e-billing and bill review, is now table stakes for many organizations, and the expected cost savings of deploying this technology is typically 2-5%. By applying AI to the bill review process, cost savings increase up to 10%, and compliance increases up to 20%.

Control your spend with up to **10%** savings



Up to **20%** increase in billing guideline compliance

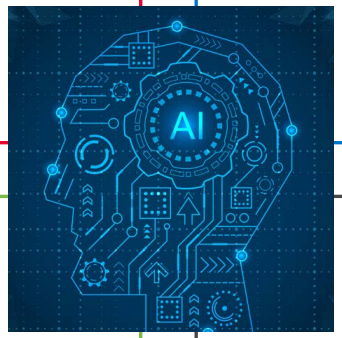


Using AI, organizations can identify the invoice line items most likely to require adjustment, spot trends and patterns within law firm billing behaviors, and flag items for human reviewers. Putting AI to work in this way frees attorneys and other legal professionals to focus on their most important tasks and become more productive, capturing efficiency gains in addition to ensuring billing compliance.

Top legal bill review challenges that AI improves

Lack of time and efficiency
In most legal departments, attorneys are responsible for the time-consuming task of reviewing invoices, line-by-line, to ensure accuracy and compliance.

Reconciling disparate systems
Multi-layered communications within a department can cause billing review cycles to be even more tedious and more prolonged.



Sustainable billing compliance
People are essential to the bill review process and always will be. But they can also miss things, and it can be difficult to accurately gauge compliance when being forced to pore over hundreds of lines within a single invoice.

Cost control
Streamlining legal service delivery and using cost-effective legal services allows for less outsourcing and self-serve for simple legal problems.

Key vendor considerations for AI-powered legal bill review

Over the past several years, the tech marketers convinced everyone that AI is the magical solution to all their problems, especially regarding legal bill review. The good news is it did a great job; the bad news is that there may be some gray areas about what true AI is, how it works, and its value to an organization with lots of data.

The reality is everyone has data, but not every technology provider has the expertise and innovation to make that data work for you. If your legal department has reached a phase of maturity where AI can help you level up your legal operations, you may want to consider a few things in choosing your AI technology partner.

Experience with AI and data science

AI and data science essentially fall into the same category of technology and can often overlap one another, but the application of each is different.

Data science uses scientific methods, processes, machine learning algorithms, and systems to extract knowledge and insights from structured and unstructured data. It applies knowledge and actionable insights from data across a broad range of application domains.

Artificial intelligence refers to the simulation of human intelligence in machines programmed to think like humans and mimic their actions. The term may also apply to any machine that exhibits traits associated with a human mind, such as learning and problem-solving. For a data scientist, artificial intelligence is one of many tools or a procedure used for analyzing data. There are multiple ways to analyze the data. Still, artificial intelligence is used primarily because of its ability to do repetitive tasks and learn certain human behaviors and processes over time, such as pattern recognition.

Based on AI and data science's definition and the relationship between the two, your legal technology partner must be experts in data science and AI applications. Your legal tech partner needs to have data scientists and access to robust data to benchmark against your organization's data. Data integrity is vital because your AI is only as good as the data that backs it. If your AI model has incomplete or inconsistent data, the AI isn't running on the best fuel, and your results could vary wildly from your expectations.

Experience in legal ops

Choosing an outside resource for legal operations can be challenging. An external service provider's cost is essential, but more critical is having services specializing in various legal areas.

Your vendor should understand legal ops workflows and have expert knowledge regarding your matters and spend.

You want to work with people that know what you do, understand the terminology for your legal matters, and know the best practices for your area of expertise.

Experience in change management

Given increasingly complex and growing legal demands, making changes in the law department has its challenges. Some leaders make incremental changes, opting to get some quick wins, while some are going about solving problems in bigger, bolder ways.

Implementing new technology is challenging but not impossible. There are effective ways to implement change without much disruption to your daily operations. We know that to make technology truly valuable and drive meaningful, long-lasting impact, people are critical to the successful operational and cultural readiness to make change happen.

For some, the idea of change alone is uncomfortable, and not everyone easily adjusts to new processes. But with the right legal operations experts available to partner with your firms, this change management process can be smooth and effective with minimal impact on a firm's existing billing practices.

Your partner in change management should be able to manage changes through advanced technology, deep domain expertise, and success management.

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Wolters Kluwer ELM Solutions by the numbers:

Advanced technology

8-10%

Of Wolters Kluwer revenue is consistently invested in new and enhanced products

- Patents for LegalVIEW BillAnalyzer and Office Companion
- 20x growth in three years in spend under review with LegalVIEW BillAnalyzer
- LegalVIEW data - $180+ billion in legal performance data

Domain expertise

19.4

Years on average and a combined total of 155 years of experience

- 20 total industry awards in 2020
- Wolters Kluwer AI expertise – 100+ data scientists, 400 compliance experts, and 50 process experts
- Expert legal bill review team – Average 13 years of paralegal and attorney experience and 200 hours of specialized training

Success management

100%

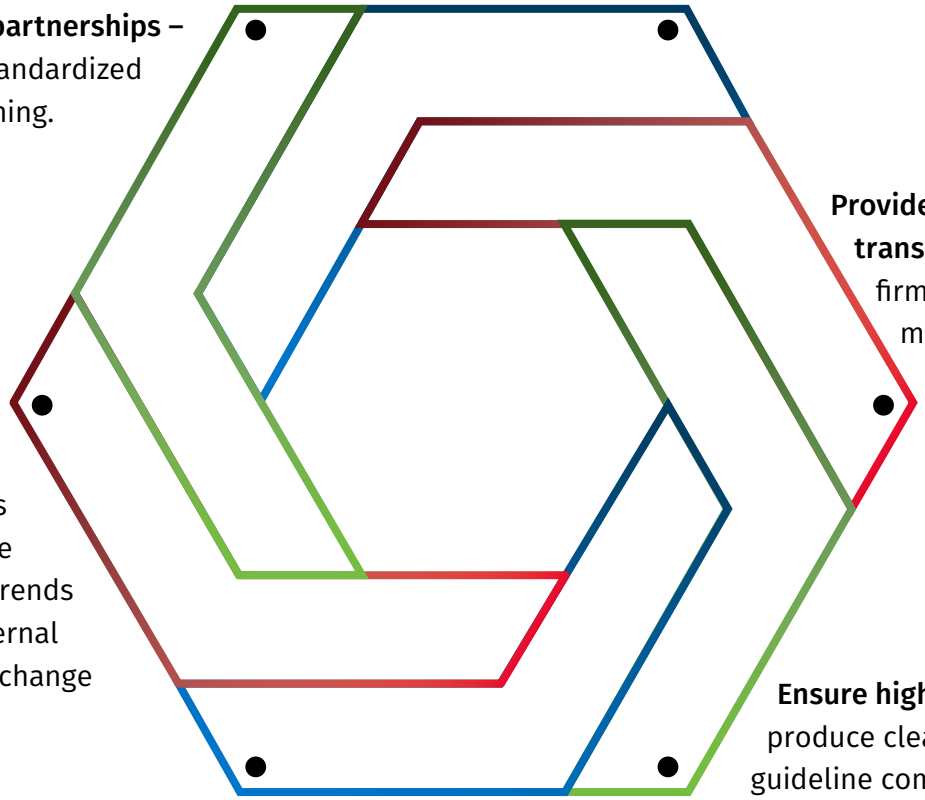
Of ELM Solutions clients have direct account management coverage

- 8 industry awards focused on customer experience in 2018 - 2020
- 100% of Am Law 200 firms use our leading solutions
- 120+ clients are Fortune® / Fortune Global 500
- 50+ partners in global network

A true bill review savings and compliance program should:

Enhance your review process – speed up your bill review with a consistent and compliant review process.

Improve law firm to client partnerships – via precise adjustments, standardized language, and law firm training.



Provide actionable insights and transparency – make it easier for the law firm to be compliant in the future, invoice more accurately, and receive faster payments.

Understand your sector-specific business challenges – having expertise across various industries and programs allows you to receive market-based best practices and trends and support your internal and external stakeholders' communication and change management process.

Ensure higher compliance measures – produce cleaner bills and improve billing guideline compliance.

Support preservation of firms' reputation for high compliance – demonstrating higher compliance rates contributes to establishing firms as valuable strategic partners and drives better working relationships.

LegalVIEW BillAnalyzer – Industry leader for AI-powered legal bill review

The Wolters Kluwer center of excellence leverages human and AI expertise to create solutions that reduce manually intensive processes and provide better outcomes with high-quality data analysis. Automating processes and reducing the time drain of tedious tasks allows your professionals to concentrate on higher-value tasks.

Artificial intelligence is an essential component of Wolters Kluwer's technology strategy, focusing on delivering AI solutions to help our customers achieve their desired business objectives and outcomes. Our AI approach focuses on three areas where companies experience efficiency and cost control challenges:

Process automation

Data-driven insights

Customer engagement

LegalVIEW BillAnalyzer – cont'd

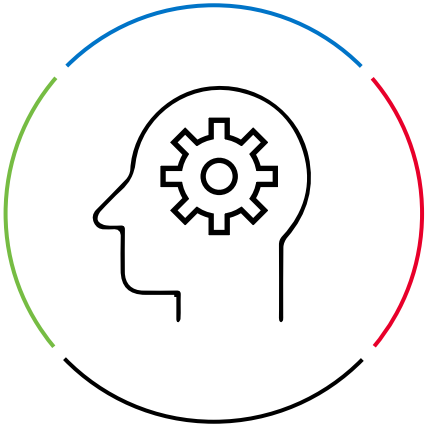
Our patented and award-winning LegalVIEW BillAnalyzer is the first in the industry to deliver the best possible bill review outcomes by providing the powerful combination of specialized human legal expertise with over $180B+ in curated data assets, and custom-built machine learning algorithms. We find every opportunity to improve compliance and bill review savings, driving better accuracy and efficiency than human-only bill review teams.

BillAnalyzer generates up to 10% in cost savings and a 20% improvement in billing guideline compliance. Our Guideline Benchmarking analysis provides a detailed assessment of your billing guidelines to identify strengths, weaknesses, and opportunities for billing guideline improvement compared to the market.

Top billing violations identified by BillAnalyzer's AI

- Out of pattern billing
- Sprinkle billing
- Block billing identification
- Vague narratives
- Multiple timekeepers across matter/task

LegalVIEW BillAnalyzer – cont'd



Our award-winning data scientists and AI engineers refine machine-learning algorithms to accurately analyze invoices and highlight the potential violations. Our AI can identify billing violations that go beyond an e-billing rules engine such as out-of-pattern billing, sprinkle billing, block billing identification, and vague narratives. It also can identify if anyone uses attorney rates for non-attorney tasks.

Our legal experts' team has an average of 15 years of experience in private practice, corporate legal, and claims. We review over $6B+ in legal spend annually. Our legal operations team are experts in billing guideline compliance, benchmarking, and cost savings. We have developed proprietary workflows and processes designed to help your company achieve its business goals. The law firms trust us as the industry-standard way to do legal bill review and we provide best practices for successful bill review, ensuring future bills are clean and compliant the first time. 100% of Am Law 200 firms use LegalVIEW BillAnalyzer. Your legal processes are too vital for you to get it wrong. When you have to be right, choose Wolters Kluwer ELM Solutions.

Clients and firms trust us as the industry-standard way to do legal bill review and we provide best practices for successful bill review, ensuring future bills are clean and compliant the first time.

Best AI-powered legal bill review on the market

Below is the scorecard for our award-winning and patented AI-powered bill review.

Why LegalVIEW BillAnalyzer vs. other legal bill review services

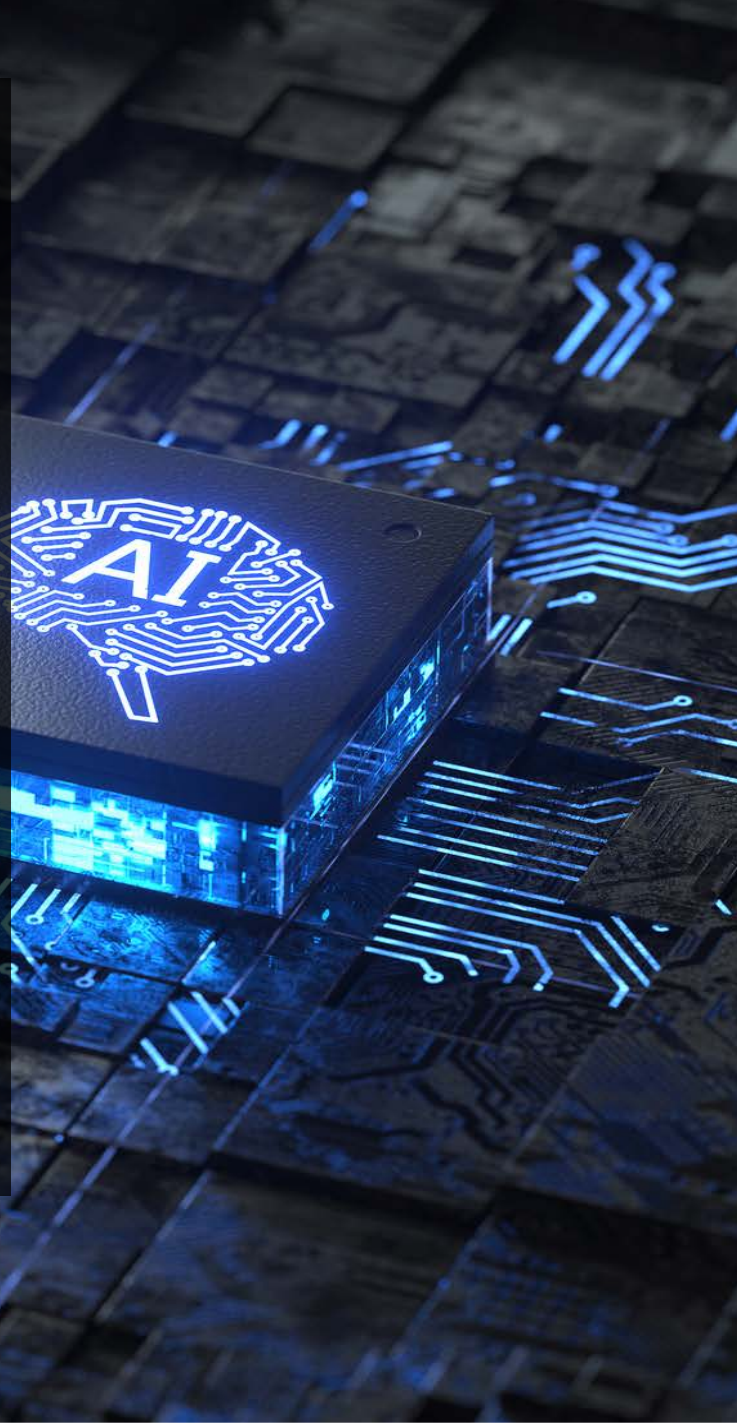
Key Features	BillAnalyzer	Others
AI Technology		
Ability to identify work performed regardless of accurate task/activity coding	YES	NO
Builds a custom AI model based on your guidelines	YES	NO
Uses natural language processing to accurately capture the type of work, regardless of UTBMS coding	YES	NO
Spend Evaluation outcomes mirror true results in production	YES	NO
AI Model evaluates over $6B+ in invoice data annually	YES	NO
Uses your historical data to train and optimize custom AI model	YES	NO
Assess historical risk performance indexes (timekeeper/law firm)	YES	NO
Data Analytics & Business Intelligence		
Leverages $180B+ benchmark dataset	YES	NO
Surveys past billing in review for evaluating historical patterns	YES	NO
Surveys timekeeper entries spanning multiple invoices, and matters in review	YES	NO
Industry and Peer Guideline Benchmarking	YES	NO
Compliance and savings by practice area	YES	NO
Compliance and savings by law firm	YES	NO
Industry Leader for Legal Operations		
First to Market with AI-powered Bill Review	YES	NO
Patented Award-winning Patented AI Technology	YES	NO
Proprietary Appeals and Negotiation Process for Outside Counsel	YES	NO
AI + Human Expertise	YES	NO

Stick the landing

Applying AI to your legal department operations is the best way your organization can laser-focus on your business objectives while taking advantage of leading-edge technology. Using AI can yield significant end results when applied correctly to your business challenges, but like any piece of technology, it not only needs to be adopted by the organization, but it also needs executive commitment and the right partnership.

AI can make a big difference in how your legal and claims professionals work and even how they think. Operationalizing the huge amounts of data your organization possesses allows your people to concentrate on high-value work rather than the rote tasks that drain hours and energy.

To learn more about our approach to AI and our solutions for your business challenges, schedule a consultation with us.



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