ACC Association of Corporate Counsel
CENTRAL PENNSYLVANIA

ARTIFICIAL INTELLIGENCE AND THE IN-HOUSE LAWYER

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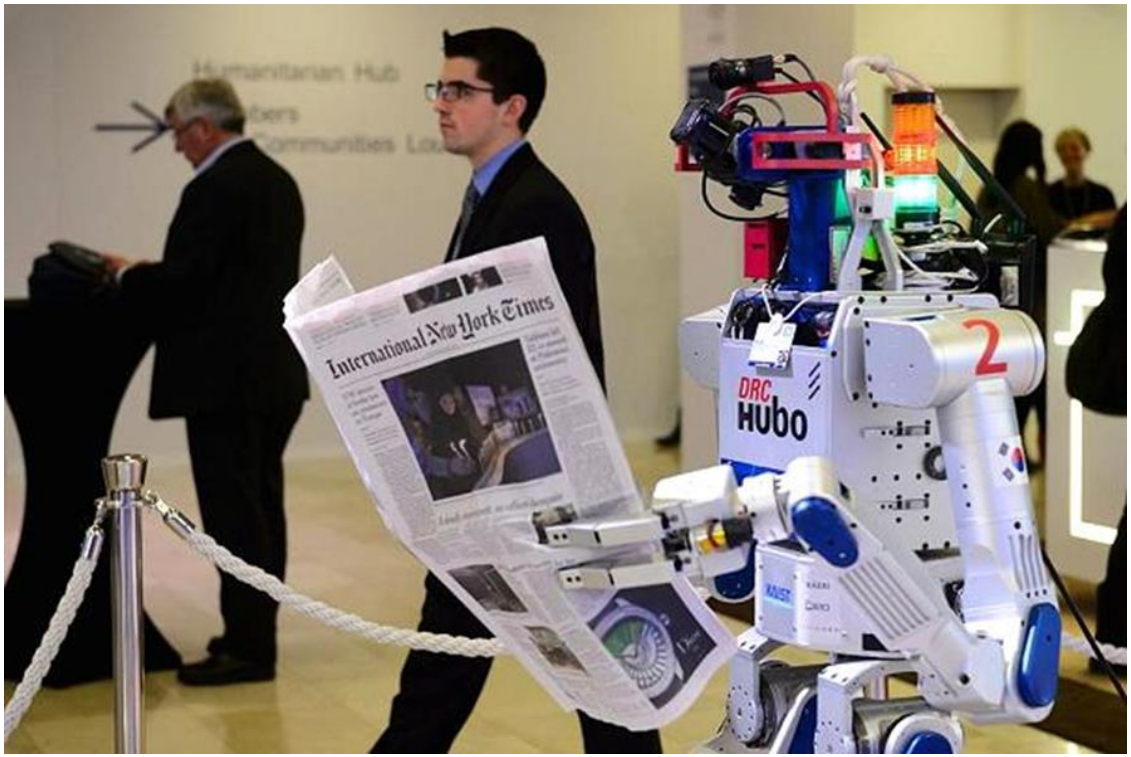
April 23, 2018

Artificial Intelligence Genuine Challenge



OK – Artificial Intelligence is the ***Next Big Thing*** but what is it?

"A computer system able to perform tasks that normally require human intelligence."

We will know we have achieved true AI when you're on a telephone or video conference with a computer and you can't tell it's not a human. *(Turing Test)*

"Whatever had not been done yet."

Artificial Intelligence, 1993

Key Terms:

- **Machine learning**: capability of software to learn from data and adapt with experience.
- **Natural language processing**: the *alleged* capability of software to structure, interpret, understand and generate human language.
- **Deep learning**: type of AI that attempts to mimic the activity of neurons in the brain to recognize patterns in data sets.
- **Futurist**: anybody with an imagination and a blog.

What Machine Learning Can Do ….

(As of Nov 2016)

INPUT A	RESPONSE B	APPLICATION
Picture	Are there human faces? (0 or 1)	Photo tagging
Loan application	Will they repay the loan? (0 or 1)	Loan approvals
Ad plus user information	Will user click on ad? (0 or 1)	Targeted online ads
Audio clip	Transcript of audio clip	Speech recognition
English sentence	French sentence	Language translation
Sensors from hard disk, plane engine, etc.	Is it about to fail?	Preventive maintenance
Car camera and other sensors	Position of other cars	Self-driving cars

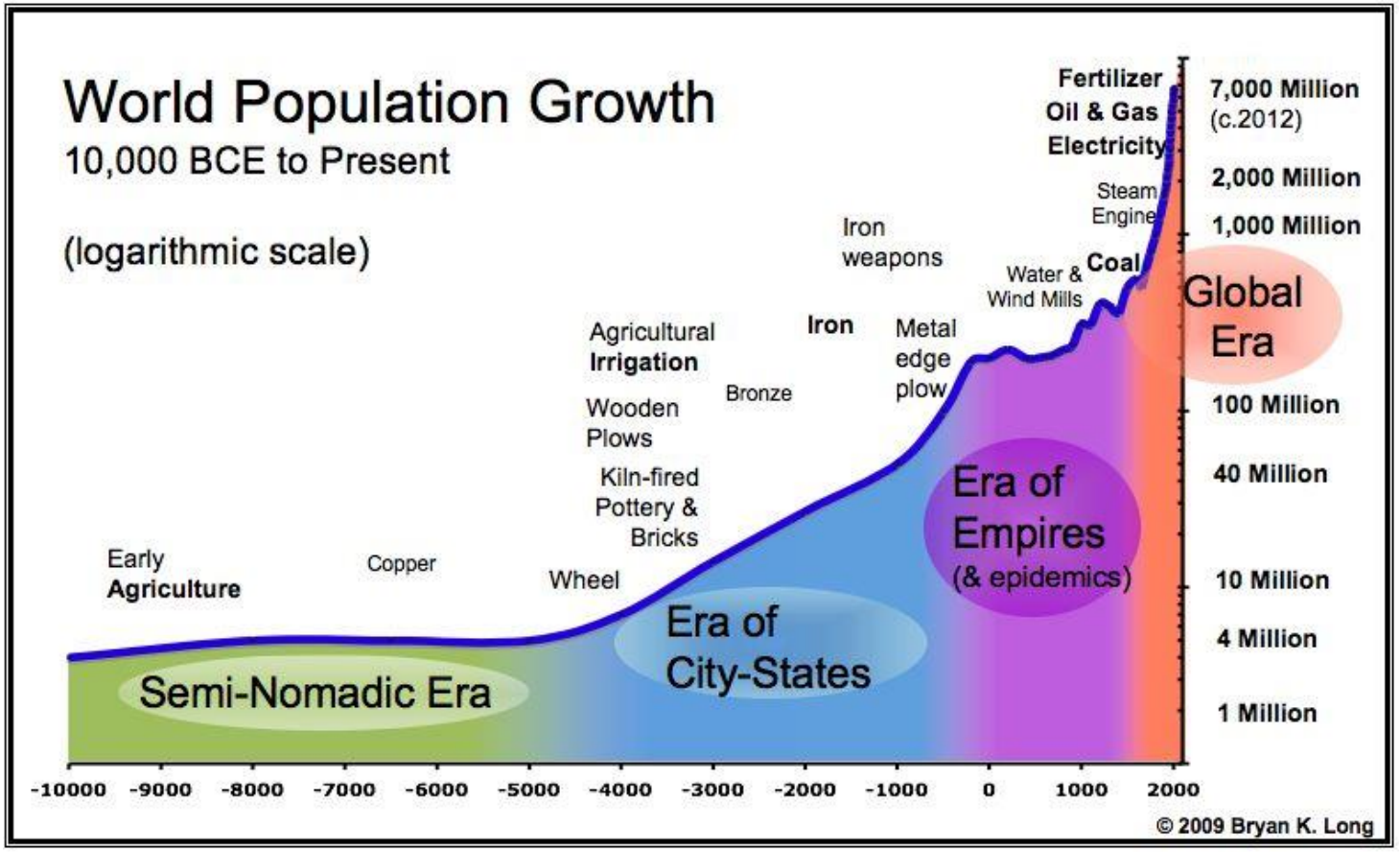
SOURCE ANDREW NG

© HBR.ORG

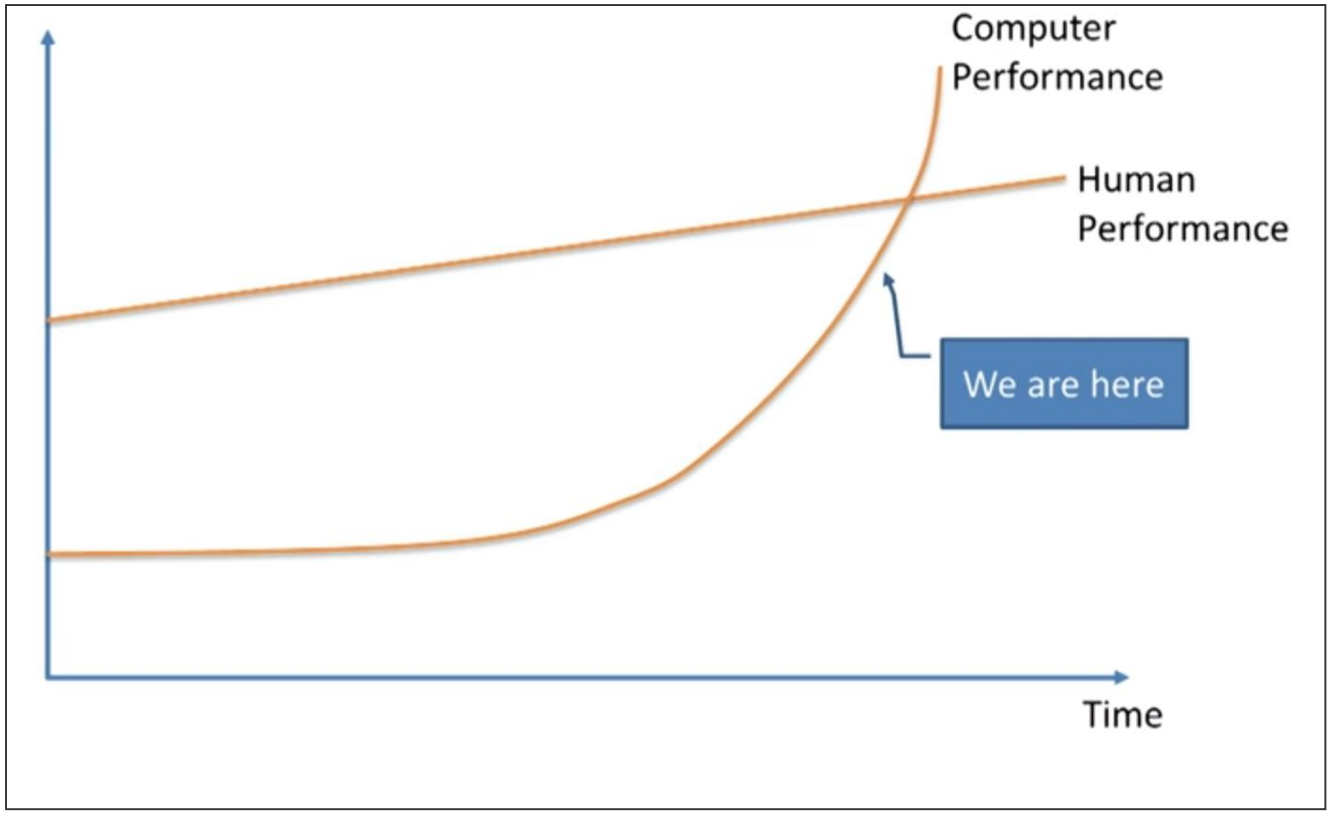
What AI can't do (yet)

- Advise clients
- Appear in court
- Draft *usable* legal memos or briefs
- Draft contracts except mechanically populate data into simple forms
- Negotiate
- Take into account a client's priorities or subjective needs
- Work straight out of the box (sometimes)

Where we have been:

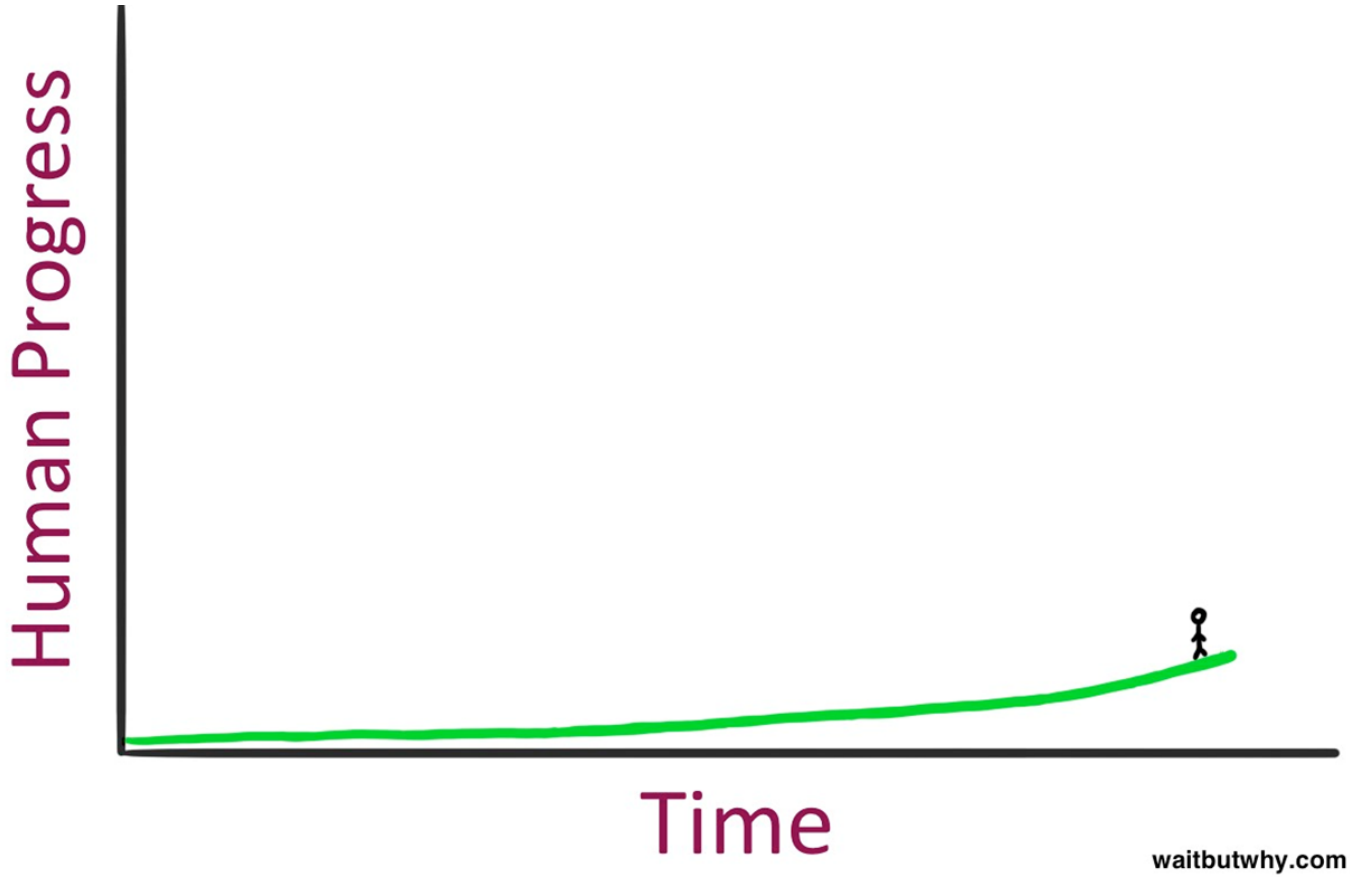


What the futurists predict (with 100% confidence):

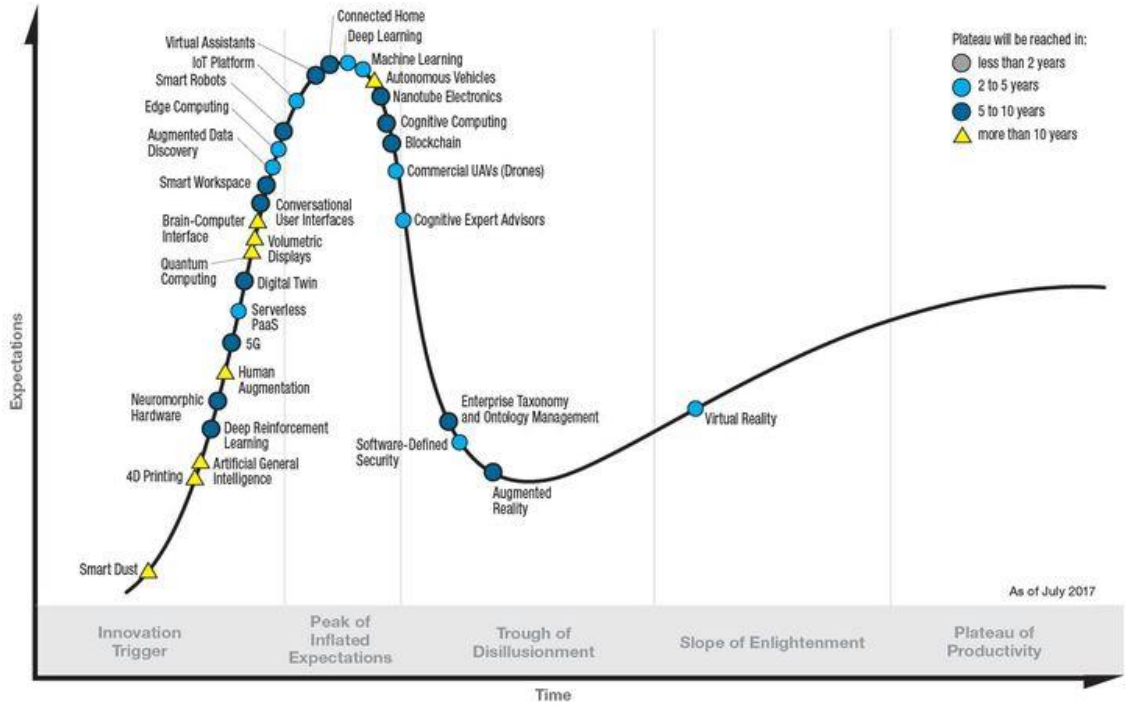


Tim Urban, **The AI Revolution: The Road to Superintelligence**
January 22, 2015

What we actually know about the future:



Gartner Hype Cycle for Emerging Technologies, 2017



gartner.com/SmarterWithGartner

Source: Gartner (July 2017)

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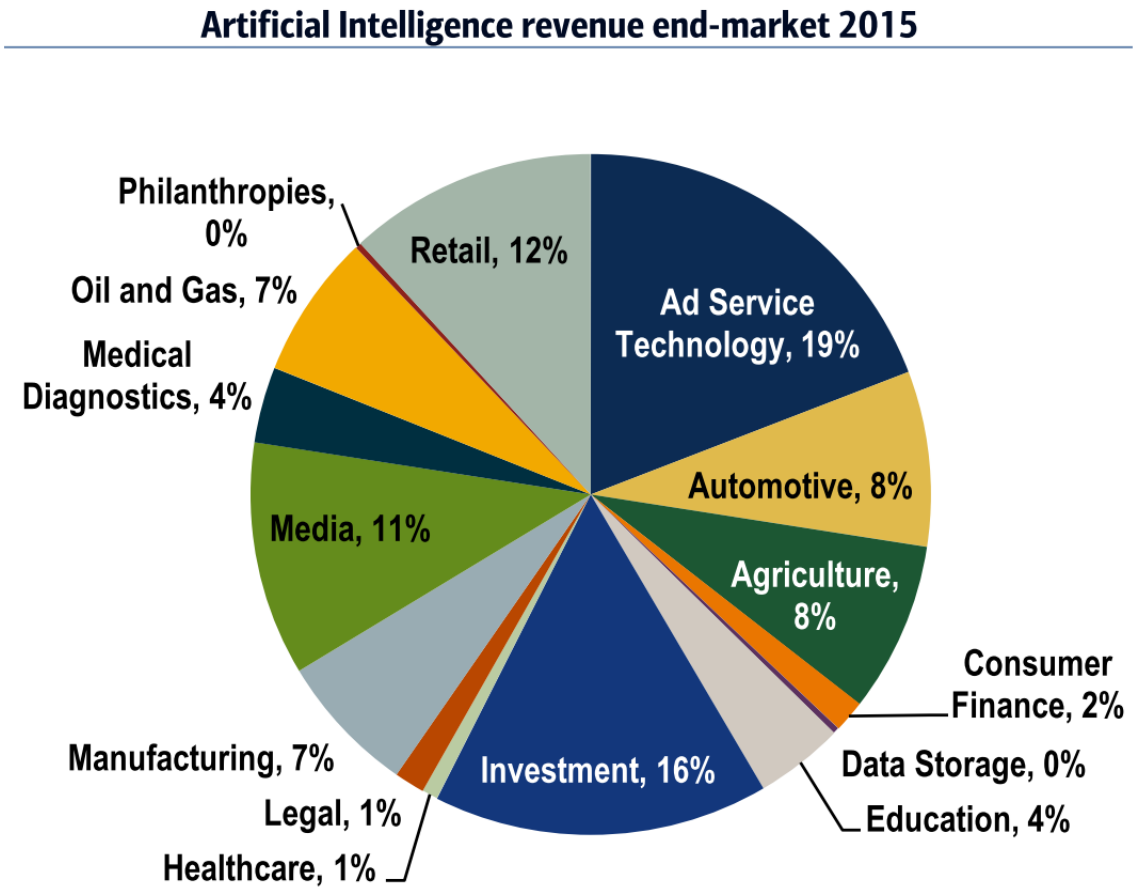
Gartner

Industries Using AI Now…

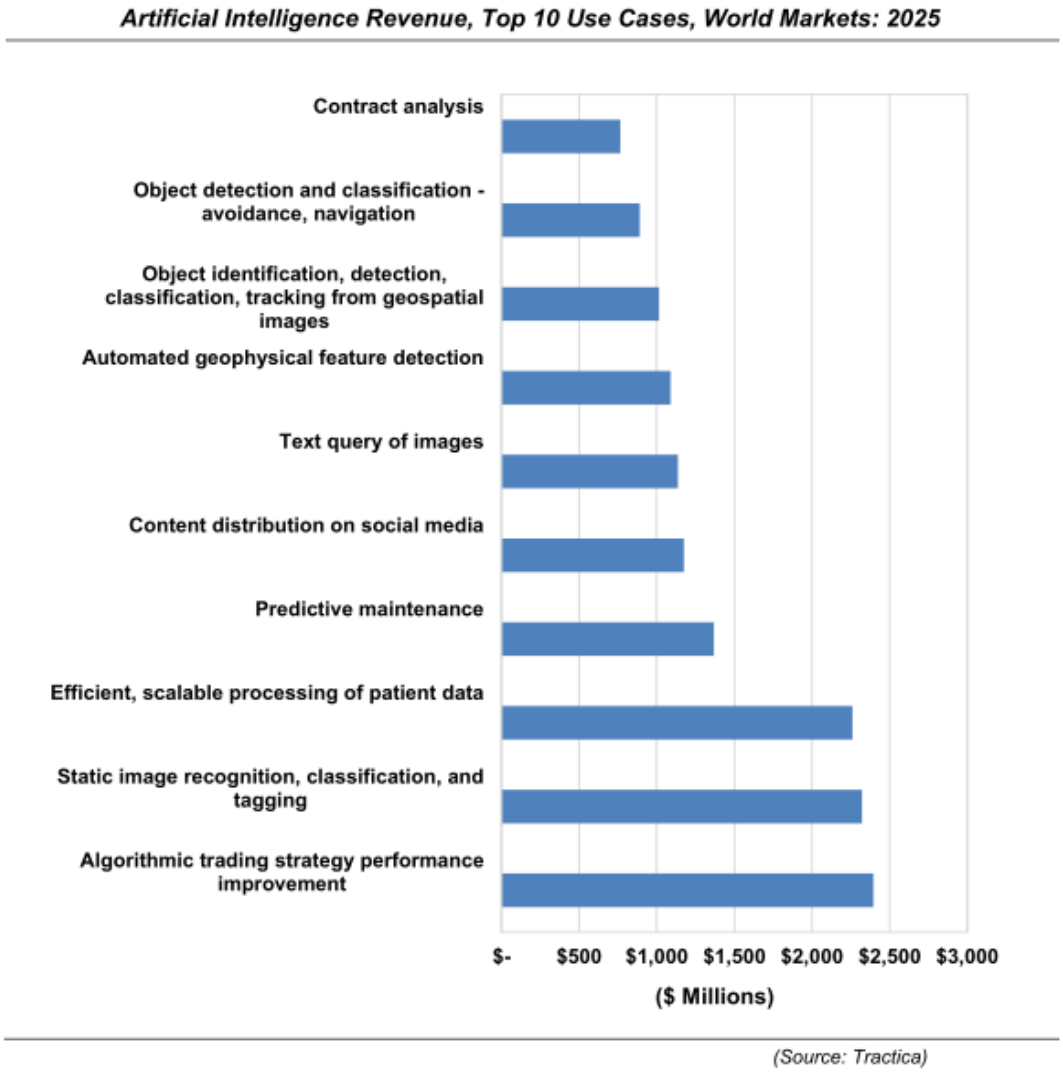


Source: Tractica

Industries to benefit most from AI:

Industry	2035 GVA (Baseline)	2035 GVA (AI steady state)
Manufacturing	$8.4 trillion	$12.2 trillion
Professional Services	$7.5 trillion	$9.3 trillion
Wholesale & Retail	$6.2 trillion	$8.4 trillion
Public Services	$4.0 trillion	$4.9 trillion
Information & Communication	$3.7 trillion	$4.7 trillion
Financial Services	$3.4 trillion	$4.6 trillion
Construction	$2.8 trillion	$3.3 trillion
Transportation & Storage	$2.1 trillion	$2.9 trillion

Top 10 Uses of AI in 10 Years



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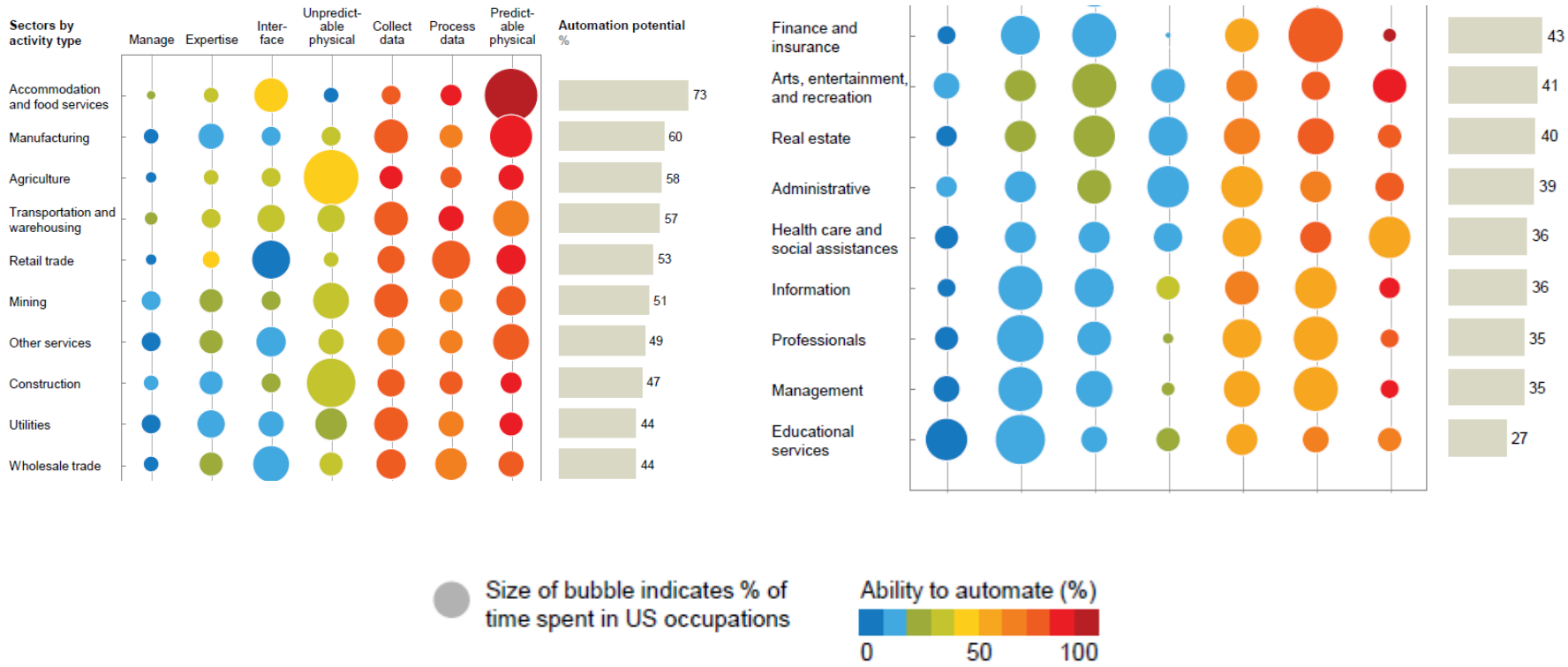
Automation potential varies per activity



SOURCE: US Bureau of Labor Statistics; McKinsey Global Institute analysis

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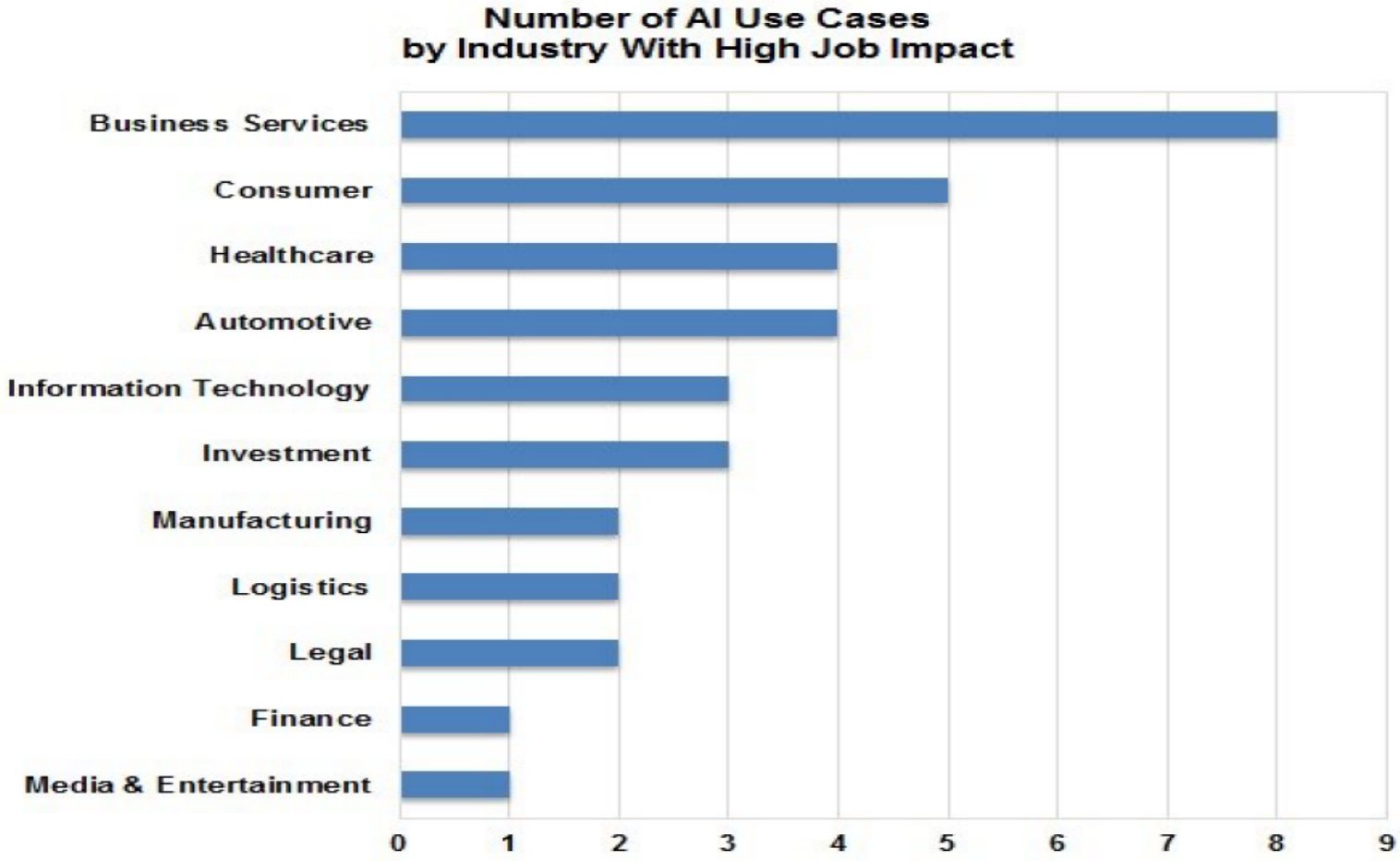
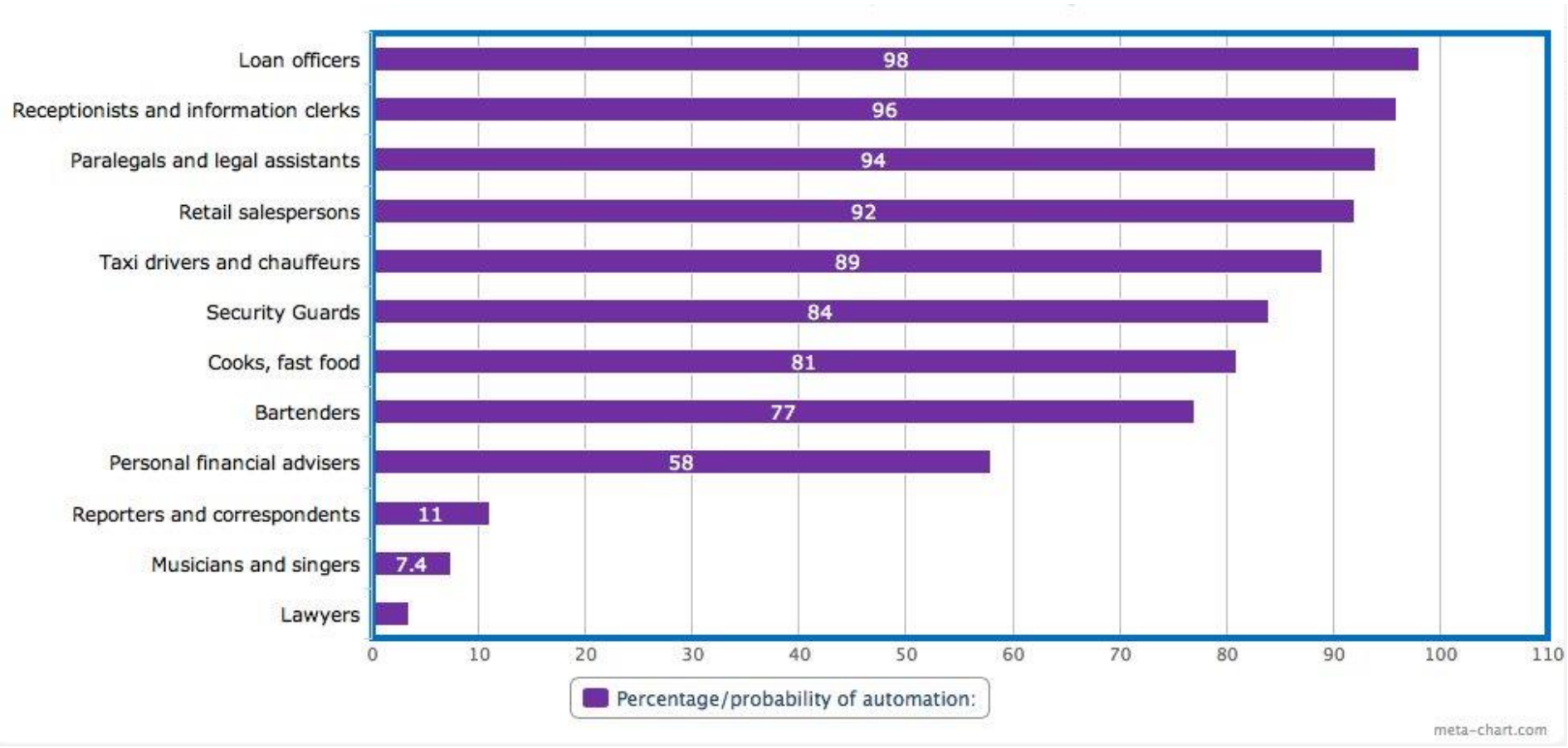
Industries most likely to be affected



Careers at Risk from AI



Hayley Peterson, The 12 jobs most at risk of being replaced by robots, Business Insider, Oct. 29, 2015

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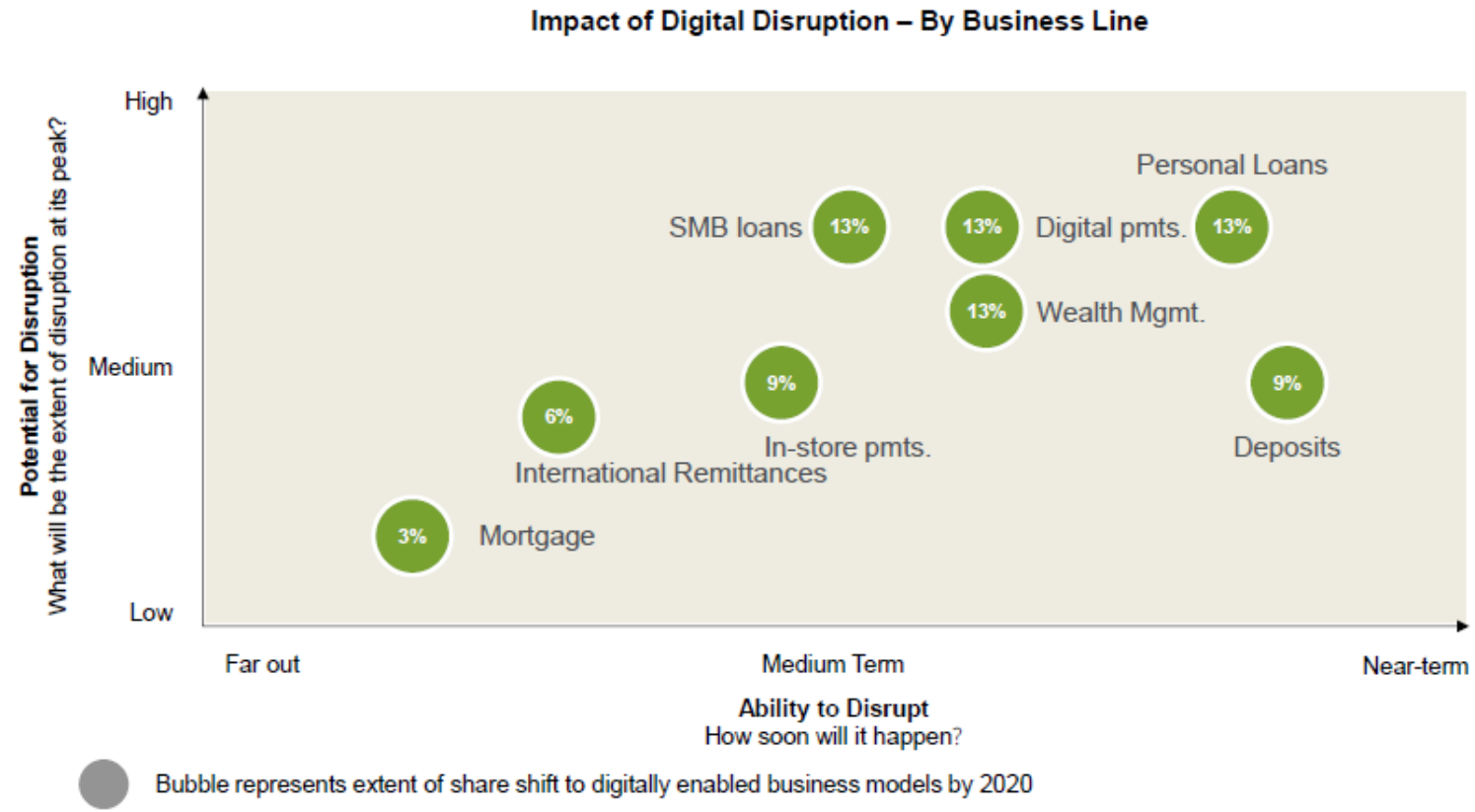
AI in Financial Services

- Credit Scoring / Direct Lending: AI used for robust credit scoring and lending applications
- Insurance: AI is used to quote and insure
- Market Research: AI is used to efficiently research and measure sentiment
- Debt Collection: AI is used to improve creditor collection through personalized and automated communication
- Regulatory, Compliance, & Fraud Detection: AI is used to detect fraudulent and abnormal financial behavior, and to improve general regulatory compliance matters

AI in Banks and Thrifts



Source: Citi Digital Strategy

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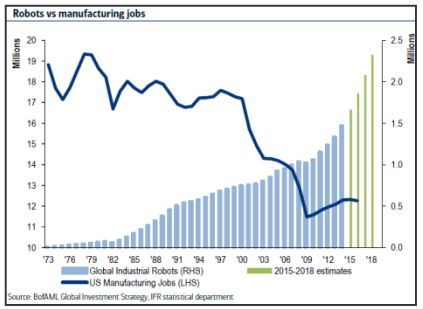
AI in Finance

- Within a decade 1/3 – ½ of employees in finance will lose their jobs to software.
- First, lower-paid clerks were eliminated when stock tickers and trading tickets went electronic.
- Research and analysis - parsing enormous data sets better and faster than humans could.
- *Next: Employees who deal with clients? Will clients no longer feel they need or want to work with a human?*

AI in Manufacturing

- Only 10% of worldwide manufacturing tasks are automated right now
- That's expected to increase to 45% over the next 10 years as robots get much cheaper
- Factory automation plus robotics lowers costs and creates pressure on traditional factory jobs



- Manufacturing driven data is exploding which will be used to improve production and supply chain, and lower energy consumption (with the use of AI and robotics)

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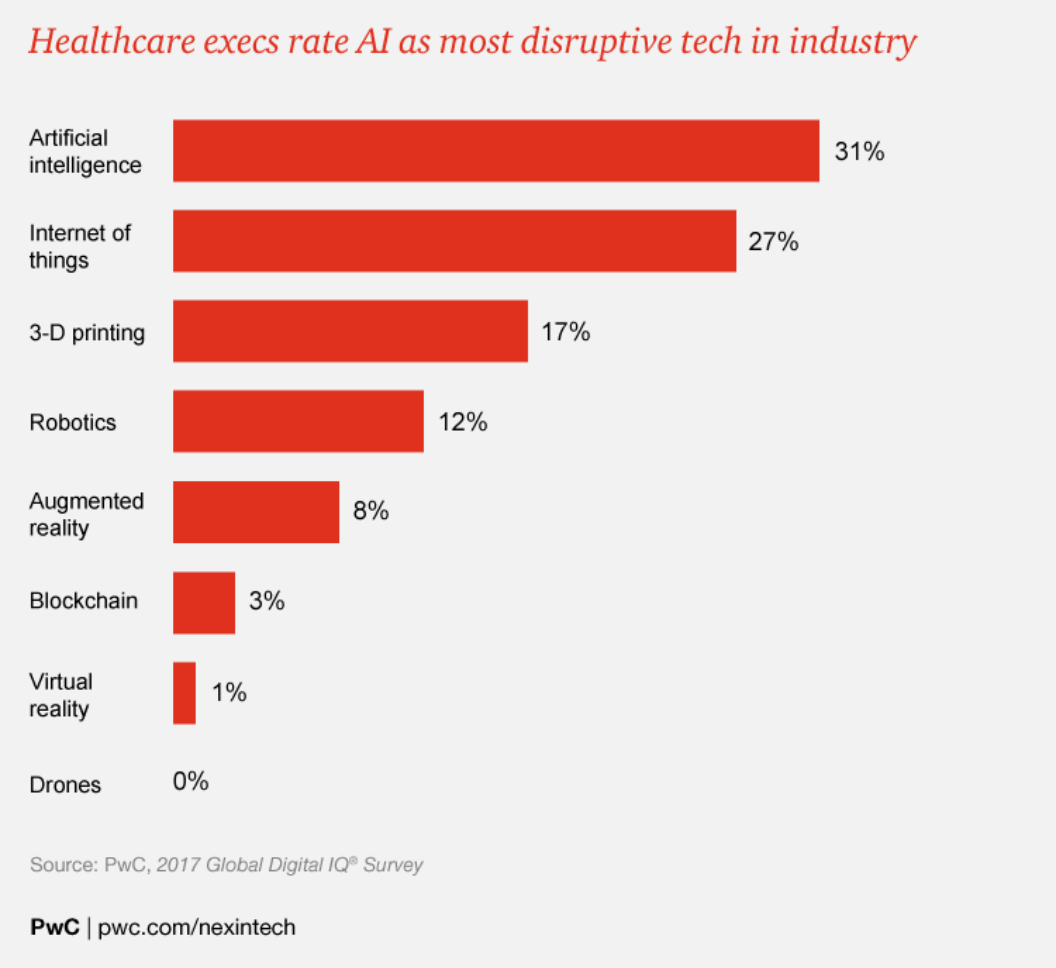
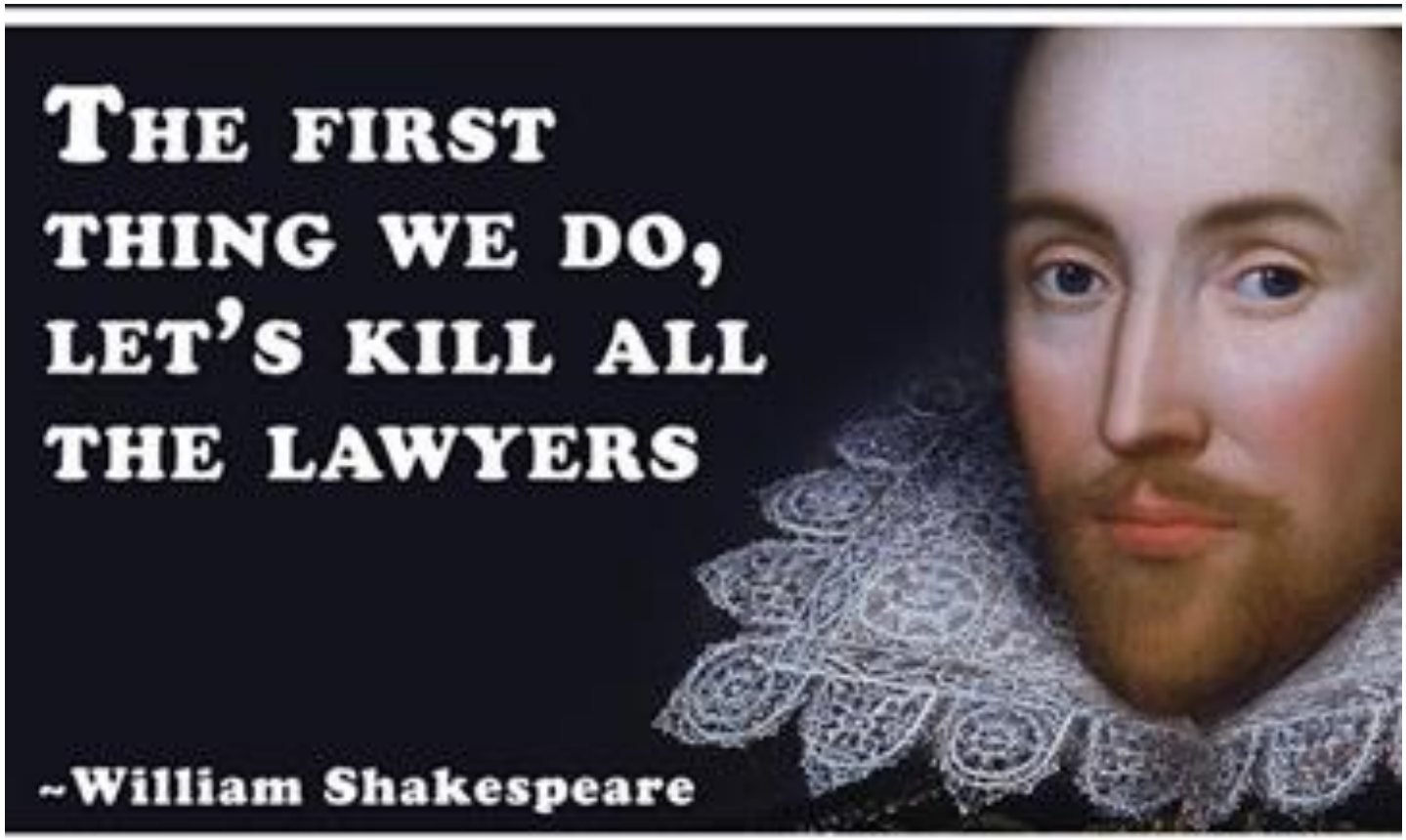
Impact in Health Care



How AI will affect the legal profession



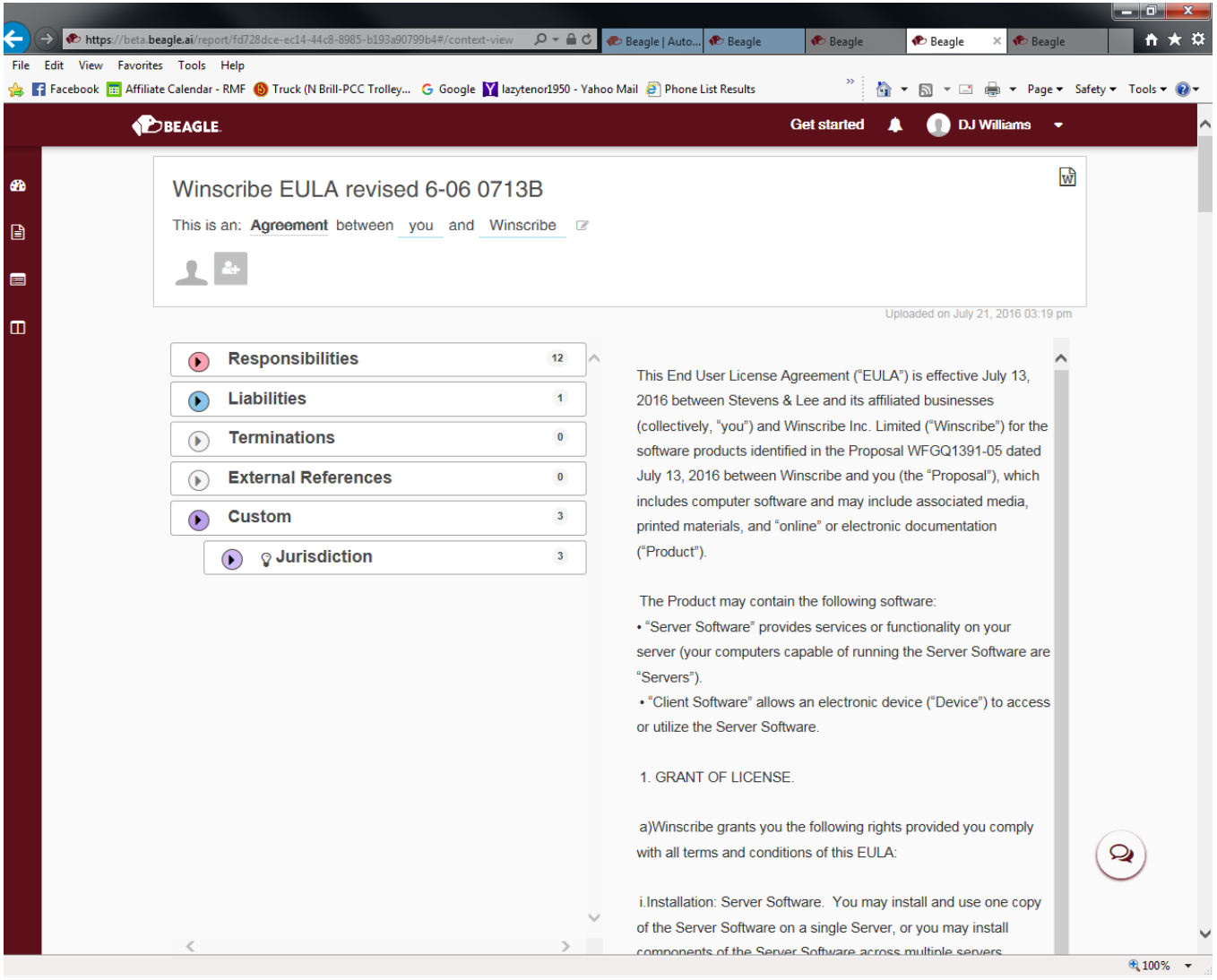
Affecting the Legal Profession

- **Improving Business Management**
  - Mine data for business intelligence
  - Aggregate data / dashboards
  - Predictive analytics
- **Enhance / Expand Services**
  - Due diligence in M&A
  - Post acquisition risk analysis
  - Transactions in corporate finance
  - Self-serve
    - HR Compliance
    - FCPA Compliance
- **Improving Service Delivery**
  - Legal research
  - Contract analysis
  - Outcome prediction
  - Due diligence in M&A
  - Technology / computer assisted review
    - Increase “speed to relevancy“
    - Accelerate first pass review
    - Early case assessment / strategy
  - Bankruptcy research
  - Intelligent workflow

General Legal Research

AI Tools – General Applications

Tool	Purpose
kira	Helps complete contract review work faster while mitigating risk of errors and unexpected liabilities. Automatically highlights and extracts relevant contract language in any file format
ROSS	Combines the Watson artificial intelligence technology developed by IBM with its own proprietary innovations to create a cheaper, faster research tool. Ask direct questions and ROSS will use A.I. to find the answers from the law in seconds - no more fumbling with boolean queries and thousands of keyword based results
NEOTA LOGIC	Platform allows non-technical users to develop applications that ask pointed questions to gather facts and apply reasoning to reach conclusions and execute actions
RAVN Power of Understanding	Still in the development phase but is aiming to read, interpret, review and extract key information from a variety of legal documents
Riverview LAW Legal input. Business output.	Virtual assistants that aim to improve the efficiency of in-house legal departments
Lex Machina™ a LexisNexis® Company	Uses litigation data by extracting key legal information and metrics from a host of legal repositories to reveal insights never before available regarding judges, lawyers, and the subject of cases to aid in the highly competitive litigation
Luminance	Uses AI to read and understand complex, detailed documents, to allow users to carry out necessary due diligence
ThoughtRiver	Uses AI to scan and interpret information from all written contracts used in commercial risk assessments and presents it in a central online dashboard that enables clients to assess risk more easily



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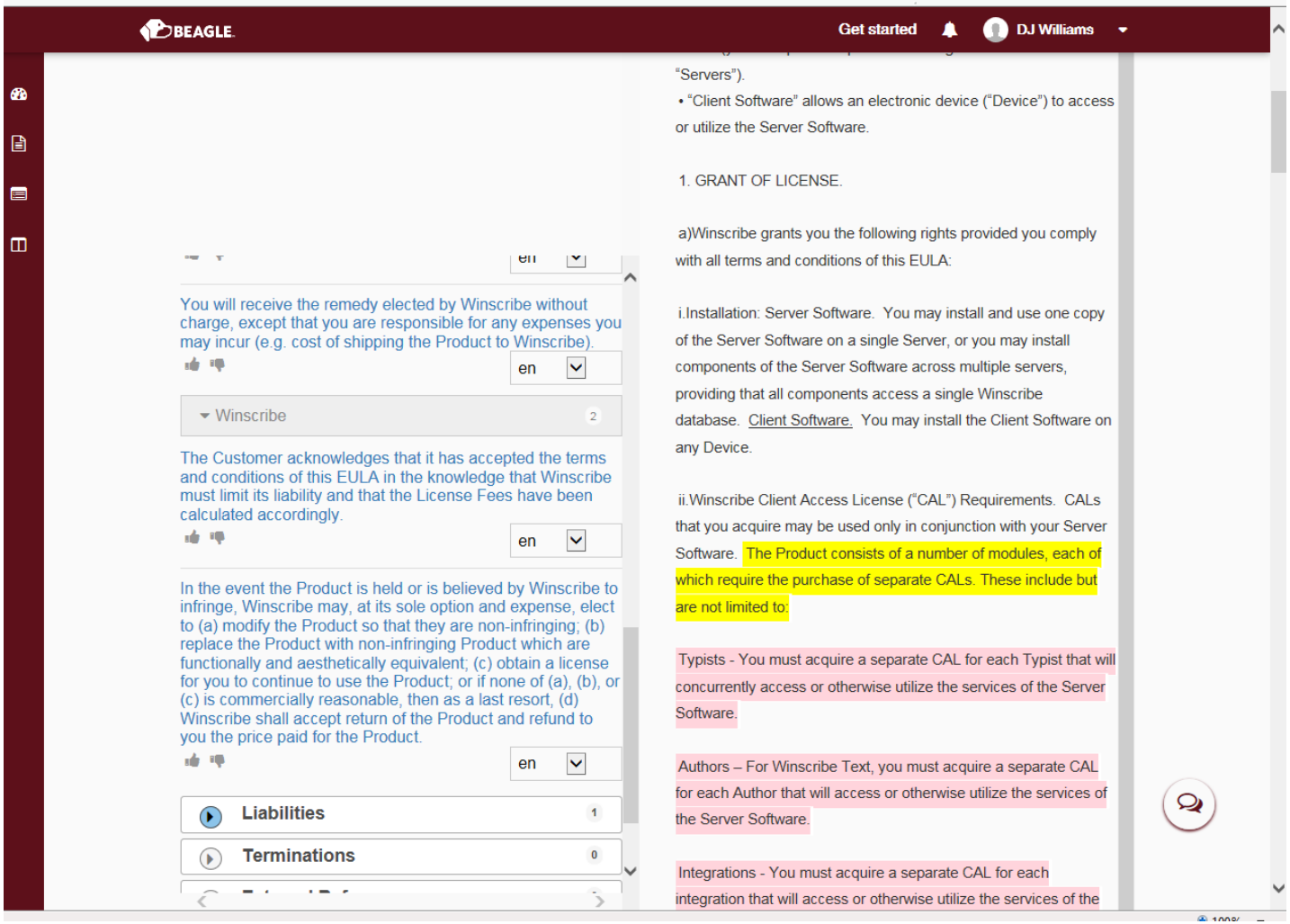
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Get started
DJ Williams
"Servers").
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You will receive the remedy elected by Winscribe without charge, except that you are responsible for any expenses you may incur (e.g. cost of shipping the Product to Winscribe).
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Winscribe 2
The Customer acknowledges that it has accepted the terms and conditions of this EULA in the knowledge that Winscribe must limit its liability and that the License Fees have been calculated accordingly.
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In the event the Product is held or is believed by Winscribe to infringe, Winscribe may, at its sole option and expense, elect to (a) modify the Product so that they are non-infringing; (b) replace the Product with non-infringing Product which are functionally and aesthetically equivalent; (c) obtain a license for you to continue to use the Product; or if none of (a), (b), or (c) is commercially reasonable, then as a last resort, (d) Winscribe shall accept return of the Product and refund to you the price paid for the Product.
en
Liabilities 1
Terminations 0

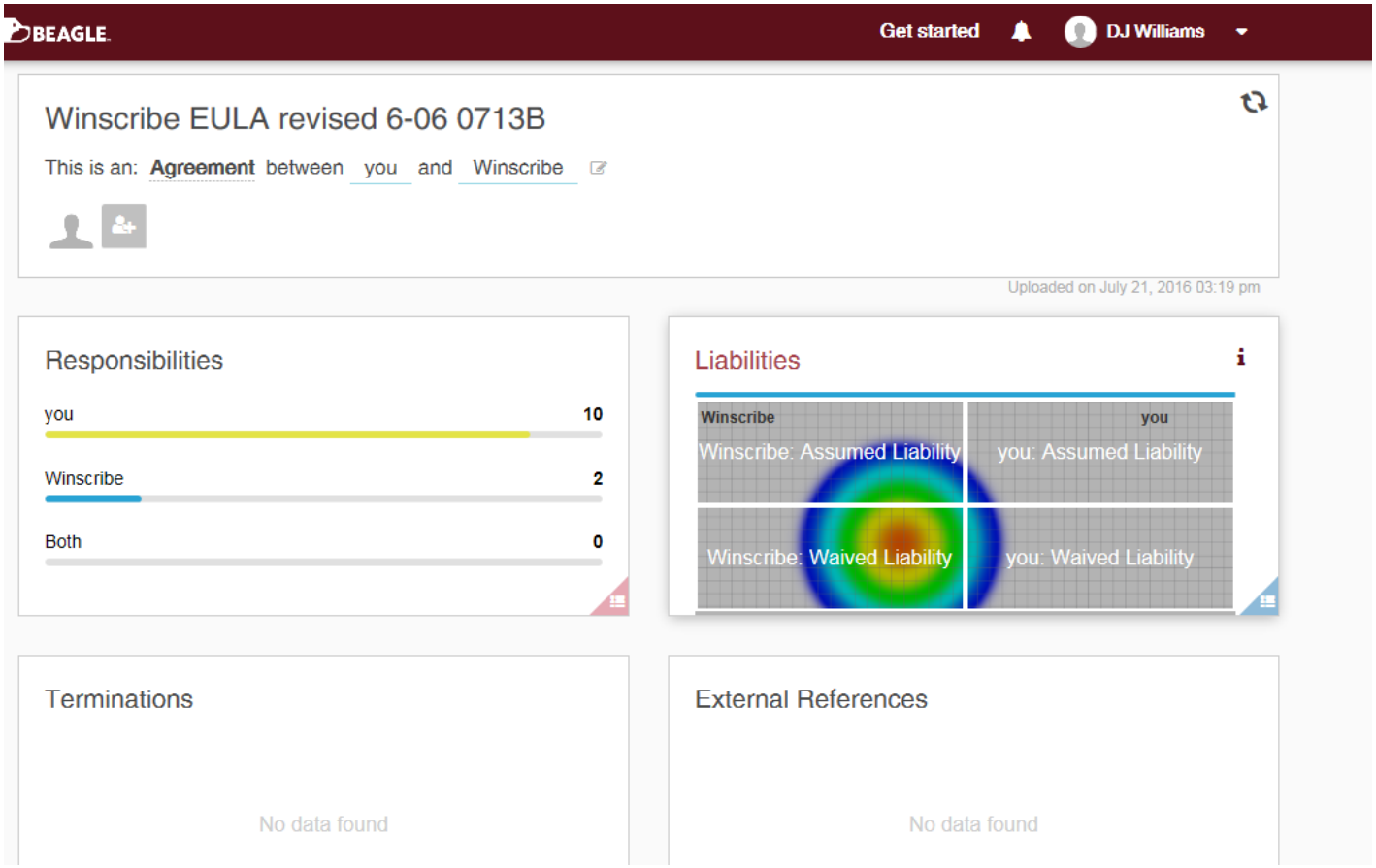
"You-know-you-are-being-robbed-blind-but-you-have-no-choice."

14. The Customer acknowledges that it has accepted the terms and conditions of this EULA in the knowledge that Vendor must limit its liability and that the License Fees have been calculated accordingly.

"If-I-cause-an-Infringement-I'll-do some-things-to-try-fix-it-but–that's-about-it."

§15 In the event the Product is held or is believed by Vendor to infringe, Vendor **MAY**, at its sole option and expense, elect to (a) modify the Product so that they are non-infringing; (b) replace the Product with non-infringing Product which are functionally and aesthetically equivalent; (c) obtain a license for you to continue to use the Product; or if none of (a), (b), or (c) is commercially reasonable, then as a last resort, (d) Vendor **SHALL** accept return of the Product and refund to you the price paid for the Product.

Risk Assessment



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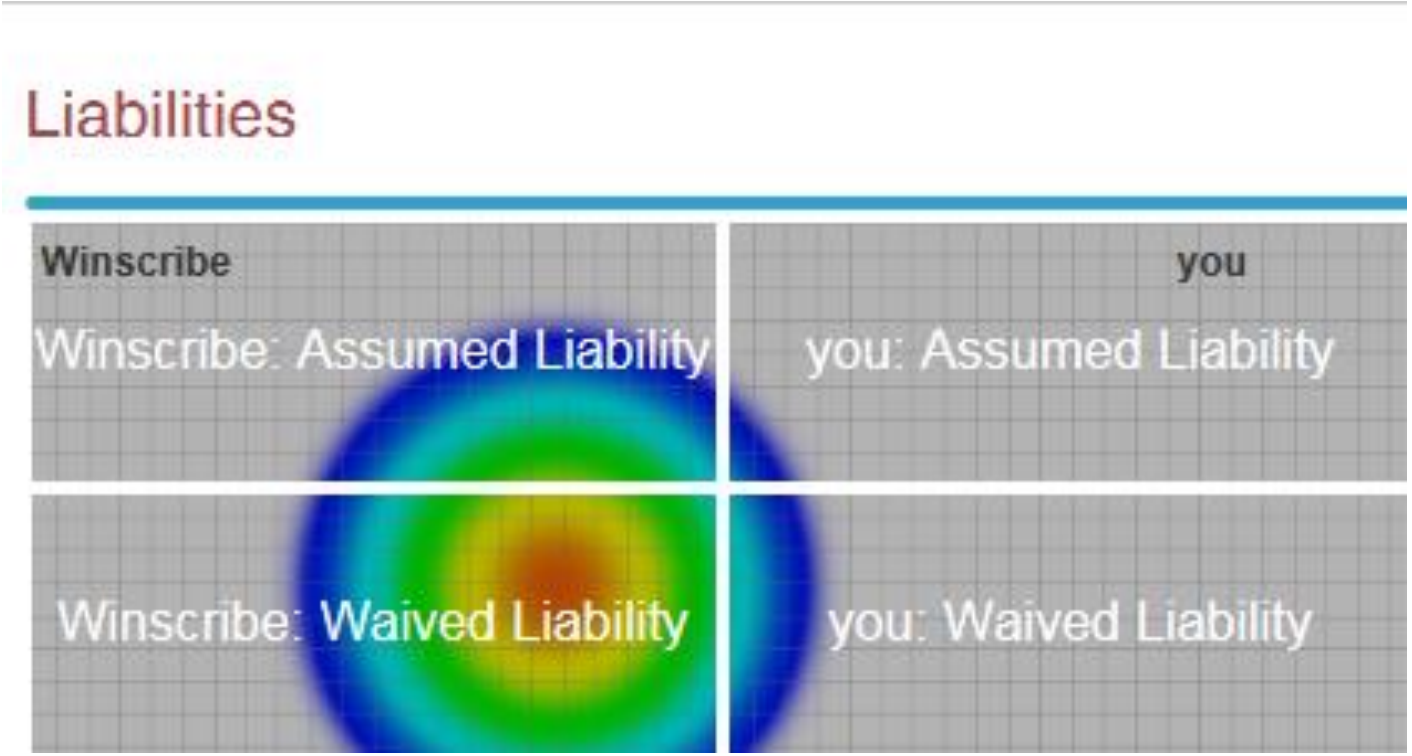
Risk Assessment

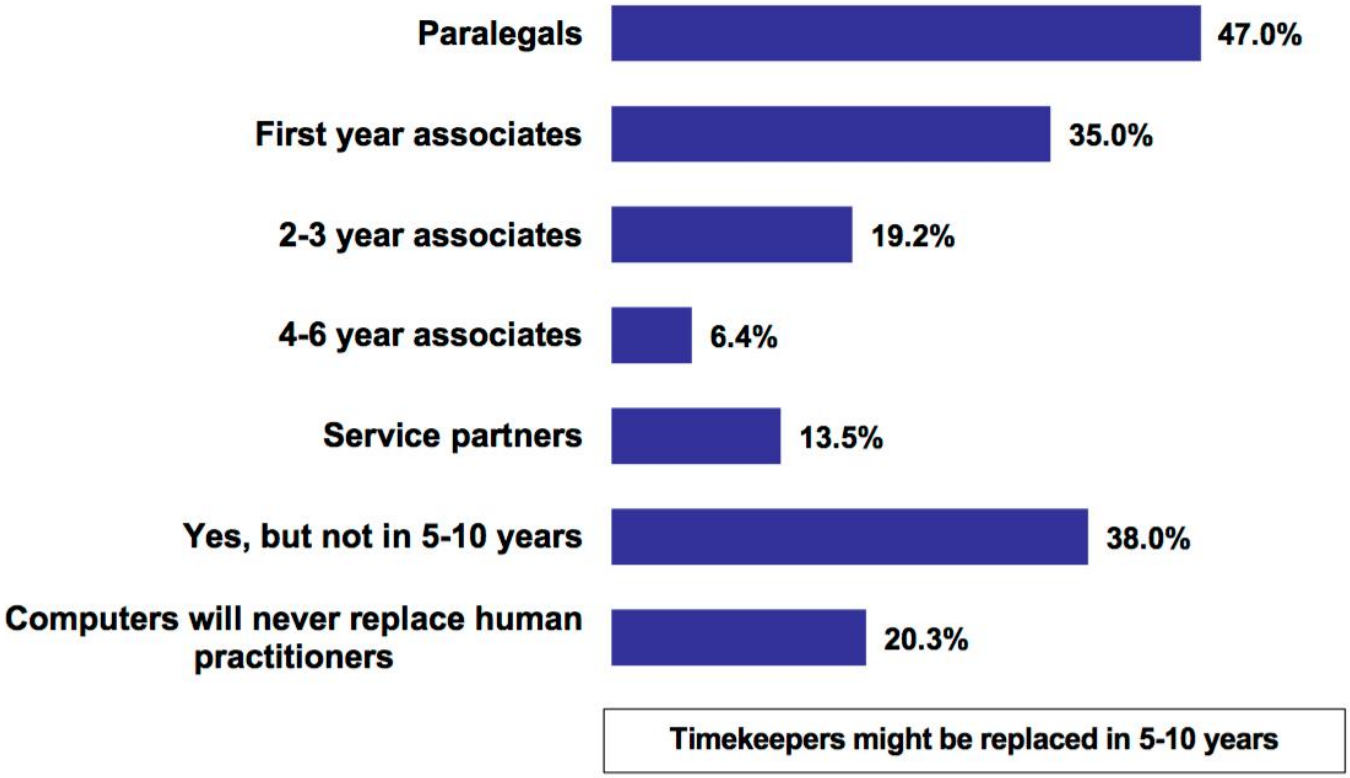


IP Searches

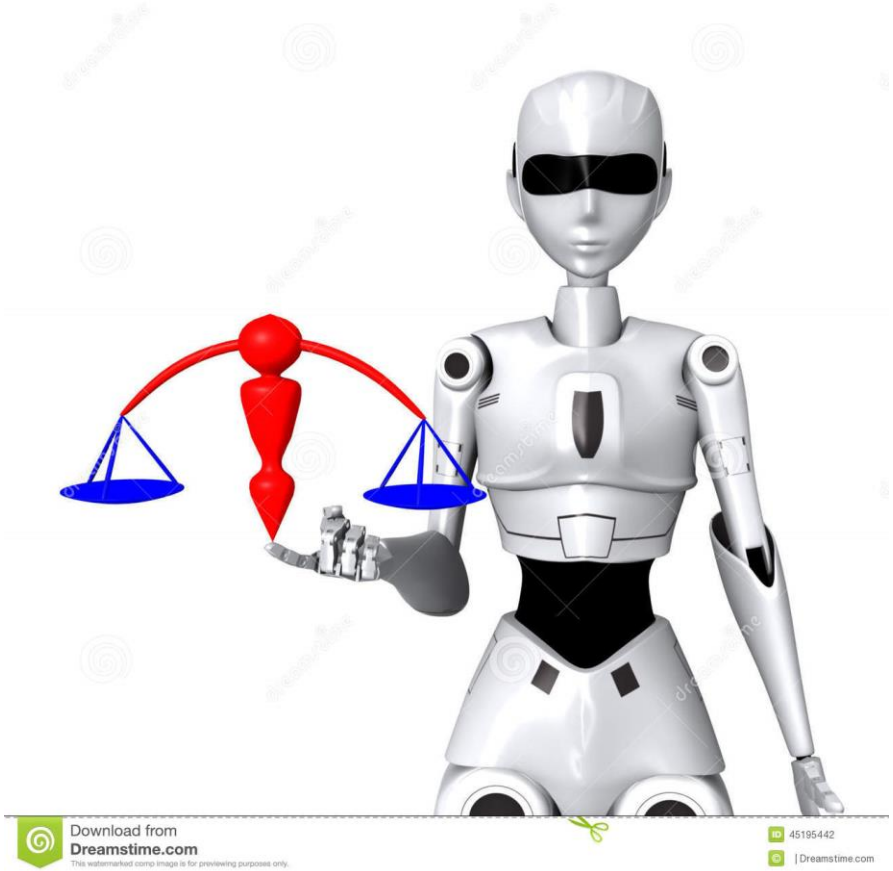
Wolters Kluwer

Clarivate Analytics | Formerly the IP & Science business of Thomson Reuters

What legal jobs are at risk?



Are you allowed to trust the robot?
What if the public trusts the robot?



Experience tells us one thing…

I’m glad I’m not young any more!