

## The Real eState with Peter Bill

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Will lawyers loose the good-fight against Artificial Intelligence software, to be replaced by machines? Knight Frank say the sector faces radical changes. "On-going innovation rather than simply scale" is what will matter.



Last week that fine new American legal drama, 'The Good Fight', portrayed a geek gawking at a MacBook Air dully repeating the phrase, "the algorithm says no". In the next chair squatted his boss, a blank-faced litigation financier. Across the table sat lawyers, each pitching class-actions in need of funding. The geek inputted the bones of each case. The computer kept saying no. Artificial Intelligence software made the judgements.

Great fiction. Not too far from fact. Litigation finance is certainly growing. Since 2012 London-listed Burford Capital has tripled revenues and profits to \$163m and \$115m respectively. Today the US firm has \$2.3bn of capital "available and invested". Burford won't rely on a lone geek to judge case funding. But Artificial Intelligence software is being used now by funders and lawyers alike to trawl documents, link facts and present information.

All major law firms now use 'search, link and display' software of some kind; some tailor-made, some tailored from off-the-shelf products, like Ross. Given the flag flying at the top of this column it would be ill-mannered to name law firms other than Maples Teesdale. But what's all this got to do with property? A report produced by Knight Frank last week shows why. The fear is firms will need less high-price London space in future.

"Rapid advances in technology will lead to process driven work historically undertaken by associates for higher margins, being automated and commoditised", warn Knight Frank. "After numerous false dawns, the next five years will bring radical changes to the organisation and structure of law firms". In January one big firm signed up for 30% less space in London. Deloitte warn automation will slash 114,000 legal jobs by 2037.

"Legal services firms of the future will flourish on the triumvirate of skill, productivity and on-going innovation rather than simply scale", say Knight Frank. "Bigger will not always be better. The most resilient firms will be those that convey a differentiated culture. For most, this will mean moving up the value chain to focus on more complex areas that cannot be easily replicated, automated or commoditised".

No need to spend on AI? Quite the reverse. Neil Sagoo of Maples Teesdale: "The adoption of Artificial Intelligence to sift, sort and even provide first draft summaries of documents will save us time and the client money. More importantly it will enable us to report and graphically display information in ways that are simply impossible using traditional methods". Maples Teesdale is looking to deploy AI software this year on selected projects.

Footnote 1: On 29th March the world's biggest fund manager, Blackrock, announced it was to use algorithms to buy and sell shares in funds holding \$30bn of stocks. Three dozen fund managers are to lose their jobs. Footnote 2: the geek in 'The Good Fight' was eventually stymied. The computer said no to one case, because the algorithm judged the judge too harsh. It took a clever lawyer to figure the way to have him removed from the case.

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