

It's high time companies took legal data seriously

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When most of us in Ireland think about legal data we think of Garda stats on arrests, prosecutions and convictions or the Court Service data on proceedings issued in the various Courts, but we don't really consider the value of legal data in private enterprise or take it seriously for that matter.

To be fair, it requires a little vision to appreciate that the legal function of a business could be an excellent and more accurate bell-weather for the performance and health of the business beyond the usual financial metrics.

That requires the structuring of legal, regulatory and compliance data into layers of repetitive data silos to enable measurement, analysis and visualisation of that data. That ultimately gives the business intelligence and insights.

The idea that legal data could really add value to a business goes over the heads of most in house counsel, let alone the c-suite of organisations. However legal analytics is one of the fastest ways to build a business case for the legal function in a business.

According to studies from Gartner, "Legal departments that are more analytically mature exhibit higher work quality, reduced litigation costs, and lower spending."

According to a recent McKinsey report, data-driven organisations are 23 times more likely to acquire customers, six times as likely to retain customers, and 19 times as likely to be profitable as a result.

Businesses now expect that the legal function to use data to improve its performance and justify its existence, its personnel, and its budget. That data can be used to show how value is being added to the business and how risk is managed.

In order to explain the concept of legal data in real terms this it's worth asking and answering two questions.

1. What does legal data mean practically for most companies?

The answer to this first question, by way of example, might include:

- the number of contracts signed
- the conversion from sale to executed contract
- the average time from sale to contract
- the cost of getting contracts executed
- factors which caused delay to execution of contracts
- the duration, average income and payment per contract
- which contracts for which products or services
- whether the contracts for a certain product or service are on an upswing or downswing
- the key risks for certain types of contracts and associated product or service lines
- penalty provisions
- milestones and the timeline
- cost and income per milestone
- which contracts were breached
- the types and consequences of breaches
- how many contracts were terminated
- by whom and for what reason
- the location of customers
- the choice of law
- the number of legal proceedings issued
- the costs, stages and results of litigation
- the risks of litigation outcomes

- the duration and cost of litigation, the performance of legal teams.

The list is inexhaustible.

2. Where can it be gathered and structured?

The answer to question two is from either manually inputted spreadsheets, which can be labour intensive and cumbersome or from a digitised, data centric, cloud-based platform which automatically interacts and collects key data inputs from 'smart' contracts or dynamic case, regulatory or compliance information. Better that the data types are gathered as part of the functionality of a platform.

While it might currently be difficult to take legal data seriously now, the smart money is on data in every industry. Legal hubris and exceptionalism will be found out, and soon.

LexTech, an Irish legal technology company enables business to gather legal data to deliver a competitive advantage through unique technology solutions. For more information visit www.lextech.ie.

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