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The Law Firm Disrupted: Walmart Won't Pay You to Cut and Paste

The world's largest retailer, locked in a battle over the future of its business, has developed a tool to help make its many outside lawyers more efficient.

By [Roy Strom](#)

Walmart Won't Pay You to Cut and Paste

Earlier this week, Walmart Inc. announced it would be [rolling out 500 more giant vending machines](#) in its stores to deliver online orders in seconds. The tool is designed to compete with online delivery services from Amazon.com Inc.

The world's largest retailer also announced this week a tool that will compete (in some sense) with its outside counsel. Walmart has licensed a product from LegalMation that automatically drafts responses and initial discovery requests for employment and slip-and-fall suits filed in California. By this fall, the product should cover those cases in all 50 states.

LegalMation says it takes under two minutes to drag and drop a PDF of a suit into its product and receive a response to that case, in addition to a set of targeted requests for documents, form interrogatories and special interrogatories. That work has traditionally been handled by junior lawyers at Walmart's outside firms, and LegalMation claims it can take them up to 10 hours to do. The savings on preparing an answer to these complaints is as much as 80 percent, LegalMation said.

"You're still reviewing the outcome and reviewing the affirmative defenses," said LegalMation co-founder Thomas Suh, [a longtime legal technology advocate](#). "You're eliminating the brainless cutting and pasting."

LegalMation was born out of a California-based employment litigation boutique, LTL Attorneys, after one of the firm's founders, Big Law ex-pat James Lee, attended a Harvard Law School training program for law firm managers about three years ago. The program featured discussions on what artificial intelligence would do to the legal market.

Lee bought the hype and began learning about AI capabilities. He determined it was "really good at volume, process-level tasks," and Lee asked what part of his firm's work fit that description. The answer was reading complaints and preparing answers to them, he said.

"It's very tedious," Lee said. "A lot of my [law school] classmates no longer practice law, I think because they did not like this tedious, mundane work they were doing over and over again."

About six months after the Harvard program, Lee and Suh had drilled down on where to apply AI, and they teamed up with IBM's Watson to build their product. They also had to develop their own neural network that they said is the "secret sauce" to LegalMation's ability to parse legalese.

"We would not be able to do this without an AI engine like Watson, and likewise I don't think a product like this would be doable without our neural network," Lee said.

About a year ago, Lee and Suh approached Walmart, which was a client of LTL Attorneys, to discuss LegalMation's ability to automate responses to suits. After testing the tool in a pilot with its own lawyers and with some of its outside attorneys, Walmart's legal department licensed the tool, which is sold on a per-case basis with discounts based on volume.

In a statement announcing the deal, Walmart's Alan Bryan, senior associate general counsel for legal operations and outside counsel management, said, "LegalMation is exactly the type of innovative AI technology that brings smart, efficient changes to the legal profession. We are committed to offering customers everyday low prices and are continuously looking for ways to take costs out of the system."

The Walmart case is a great example of the disparate motivators for change in the legal industry. A company is in a price war with a competitor. Its legal department gets the cue that it needs to cut costs. It licenses a tool to help do that. And, somewhere down the line, a junior associate at a law firm is reviewing an answer to a complaint rather than cobbling it together.

How frequently that change happens inside America's largest corporations is perhaps the best indicator of how quickly tools like LegalMation will saturate the market. And when that time comes, perhaps, then the last associate in a law firm cuts and pastes together a response to a slip-and-fall case.

From the law firm side, however, the incentives to take costs out of the system are less clear.

Lee said LegalMation is currently being piloted by a number of Am Law 100 firms and he expects to announce licenses with some of those firms soon. But when asked what the biggest threat would be to his business' future prospects, Lee said it was lawyers' resistance to change. He said partners at law firms almost always worry about the loss of associate hours that corresponds with licensing a tool like LegalMation.

In one instance, an Am Law 100 firm's management committee learning about LegalMation was hesitant to show it to their associates, worrying the young lawyers would "freak out," Lee said, about what it meant for their job prospects. Instead, the committee showed it to a group of "superstar" associates who it figured would stay at the firm. Their response?

"The reaction was, 'Hey, this is fantastic. I don't have to do this anymore. That's awesome,'" Lee said. "They want to focus on more substantive work: Oral arguments, substantive motions and depositions."

Time will tell if that is how the transition plays out. But it seems likely that if LegalMation provides a good, basic product, eventually law firms will flock to it.

Roy's Reading Corner

On Listening: This might not be something to read, but it's worth a listen. My Law.com colleague Ben Hancock put together a meaningful podcast on the future of AI in the legal services market. Listen to the podcast [here](#) or find it on [Apple Podcasts](#) and [Google Play](#).

Fair warning: He interviewed me. But he also interviewed people you might not be sick of hearing from, such as Emily Foges, CEO of Luminance, which applies machine learning to contract review; LegalMation co-founder James Lee, who as noted above is building AI tools for litigators; IBM Watson Legal co-founder Brian Kuhn; and Itai Gurari, co-founder and CEO of Judicata, a legal technology company focused on legal research.

On Marketing: [This headline](#) absolutely kills me: "Focusing on Client Retention May Mean Restructuring the Firm." It's like "Focusing on Selling Burgers May Mean Restructuring McDonald's." You would hope retaining clients would be central to the structure of a law firm. Alas. Kathryn Whitaker, a member of the Legal Marketing Association's board of directors, explains why that might not be the case.

On Legal Ops: My colleague Gabrielle Orum Hernández has a [great interview with Christopher Sweet](#), currently a director of consulting at Elevate Services and who previously worked in legal ops roles at JPMorgan Chase & Co., Reed Smith and GlaxoSmithKline plc.

Sweet, on the future skill sets of general counsel: "General counsel are going to be hired specifically for their game plan in running the legal department like a business. That's not new, but they're going to want

to know what's in your playbook, and not just say, 'We're gonna manage it like a business.' It's a new generation of more senior attorneys who are going to be able to do that."