

IBA 2016: OUR TAKE

At the IBA Washington D.C. Conference 2016 we thought we should ask three questions to the people we met. The results were quite surprising.

Dear Recipient,

Together we have just completed a week full of meetings with business lawyers from around the world, at the International Bar Association's yearly conference in Washington D.C. We decided beforehand to ask the same three questions to everyone we met. One of the question was the following:

"Are you using new sophisticated artificial intelligence software support for e.g. automated due diligence or smart contract drafting?"

The legal community is in general very homogeneous and any useful development travels fast around the globe. Not this time. It appeared that roughly 25 per cent of the firms that we met use AI as a support tool for its business. 75 per cent do not. A few had hardly heard of AI supporting legal work, while some thought that AI quickly had become a necessary feature for the legal business. Comments included anything between "Artificial intelligence? I have artificial knees and that's enough trouble" to "It's market standard. Clients require it and will refuse to pay for associates reviewing loads of documents".

Also, the view on where AI will take us varied a lot. Some believe that in five years' time, high end business law firms will give due diligence away for free or not provide due diligence services at all. Someone else will do it. This will inevitably lead to a change of our business model. Fewer junior associates will be needed and the lowest layer (some might say foundation) of our long-serving staffing pyramid will be brutally chopped off.

Others, however, believe that AI will revive our associates as many boring and time consuming parts of a junior lawyer's work can be completed by AI. This will make it possible for us to focus more on analysing and advising on the consequences of findings in due diligence and what is really important in contracts and litigation. Thus, AI will enhance the quality of our services.

Regardless the view: Track changes! We must adapt to the new technology. But for some, old habits will die hard.

Best regards,

TEAM HANNES SNELLMAN

ARTIFICIAL INTELLIGENCE

The question

Are you using new sophisticated artificial intelligence software support for e.g. automated due diligence or smart contract drafting?

What people said

"Artificial intelligence? I have artificial knees and that's enough trouble"

"It's market standard. Clients require it and will not pay for associates reviewing loads of documents"

"We're Neanderthals"

"No, but in five years we will probably give DD away for free"

"Yes, DD is now 30 per cent more efficient and much more reliable"

"We're a legal haute couture firm. We're not involved in commodities such as DD"

"AI will chop off the edges of the pyramid as there is less need for junior associates"

"A computer you'll have to correct one time that a finding is not a red flag. An associate you have to correct multiple times"

"No, we believe that we provide more sophisticated services"

"AI gives back the life to associates... although it could mean a life outside the law firm"

"There is a pressure from clients to use automated DD"

"Right now we're not terribly scared that computers will replace lawyers ten years from now"

"We're not a first mover firm"

"We've never thought DD to be a competitive edge so it's not a big problem"

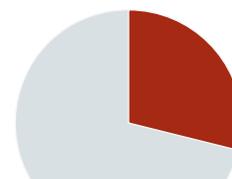
"In order not to be replaced by a computer, you have to convert to a priest... a corporate priest"

"We're not afraid for changes of the business model. It is what it is"

"AI? Do you mean a paperless office?"

"Clients do the first DD review themselves and then consider whether it's worth giving us the ten most important contracts for an additional review"

The answer



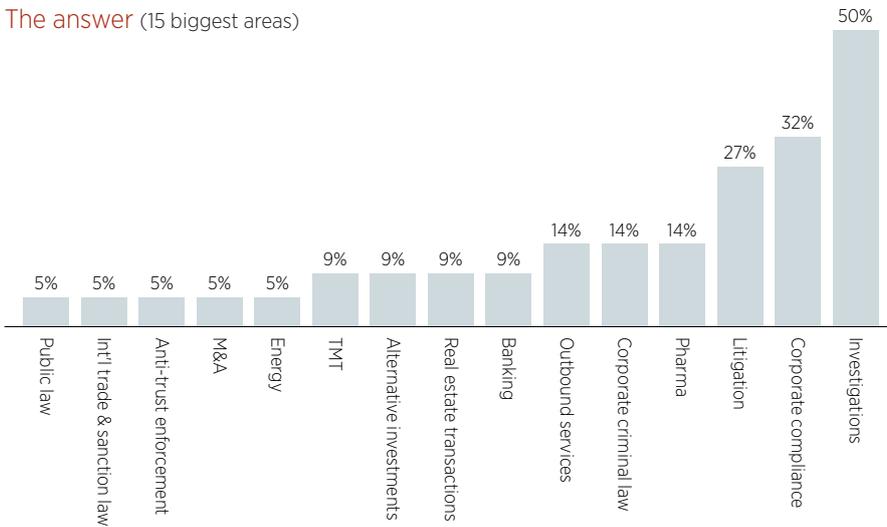
■ Yes 29%
■ No 71%

GROWTH AREAS

The question

What are the top three potential growth areas for your firm?

The answer (15 biggest areas)



What people said

"Only five per cent of our banks will comply with the new requirements. They must involve us"

"The fee pressure is tough and we need to find new high-end areas"

"We lose a lot of really good associates strengthening the growing in-house legal departments"

"We will follow our clients to emerging markets but we will not open any new offices"

"We have hired a former prosecutor. He's doing great"

"We have a slim admin and are flexible on prices"

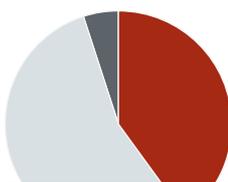
"All juniors want to do litigation. Back to the roots of law"

THE M&A MARKET

The question

What is your outlook for the M&A market in the next six months?

The answer



- Grow 40%
- Stay same 55%
- Decline 5%

What people said

"Activity is high, but future is difficult to read"

"We feared but have not seen any Brexit effect"

"Brexit put deals on hold, but now deal flow is crawling back"

"We thought that the M&A boom this spring was over, but now it's slowly picking up to the same level"

"The elections in the US and next year in France and Germany cause anxiety for deal makers"

"The cheap Sterling is good for foreign investments"

"PE must sell off its poor investments to those who are better equipped to turn them around"

"The activity is stable but slow"

ABOUT HANNES SNELLMAN

Hannes Snellman is a premier Nordic law firm focusing on significant transactions and complex dispute resolution. We serve our clients with commitment, creativity and quality.

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