



HL INFLUENCERS: DIGITAL TRANSFORMATION TRANSCRIPT

STEPHEN HOLLOWAY
THOMSON REUTERS

Leo von Gerlach	Hello everybody, and welcome to another edition of <i>The Influencers</i> , our podcast conversation on digital transformation and law. I'm Leo von Gerlach, and with me today is Stephen Holloway. Stephen is the Global Client Director at Thomson Reuters, so let that sink in for a moment. Stephen is leading the relationships between Thomson Reuters, the world's preeminent provider and platform for legal data, information and knowledge, and its myriad of client in industry, private practice and other institutions of all kind. So Stephen, it's absolutely great to have you.
Stephen Holloway	Leo, thank you for the kind introduction. It's great to be here. Thanks for having me. I'm looking forward to the discussion. I'll just say that in the spirit of honesty day here in the US, I will be as open and transparent with you as I possibly can. I do just want to mention that I'm speaking my own mind, my own thoughts, not necessarily on behalf of Thomson Reuters, directly.
Leo von Gerlach	Absolutely. Tell us a little bit about yourself and your position and Thomson Reuters. So what's your job?
Stephen Holloway	Yes, this actually marks...the month of April marks 20 years at Thomson Reuters. So that doesn't happen as often anymore these days, but I love the company, and I kind of grew up on the Elite Financial Management software side of the business, and that's actually how I met many great people I work with at many of my current firms, including Hogan Lovells, decades ago. Shortly after that, Elite was acquired by Thomson and then subsequently Thomson acquired Reuters. I guess, fast forward from there a few sales and leadership roles and now here I am. So to your question, my role now is to partner with senior leaders of our strategic clients to further their goals, and I'm ultimately responsible for the business relationship.
Leo von Gerlach	That is terrific and obviously very interesting position to be in at these transformative times. So tell us, what do you hear from your clients? What are their expectations? What are their anxieties?

Stephen Holloway	<p>I usually start each year -- in fact, I set out with the intention each year -- to talk to as many firm leaders as possible about their goals and their challenges. Those always tend to fall into four categories: demand, clients, talent and systems. What's different now, and to your point, this is really what they're anxious about, is that AI is impacting every one of those categories, meaning that nearly every key function in a law firm is being reshaped.</p> <p>AI is becoming like, I'd like to think of it like electricity, and so now it's becoming a strategic necessity. But law firms are at very, very different places in their AI journey. Many don't know what to do. That's where I try to intimately understand what their priorities are as individuals and collectively as a firm. And firm leaders are telling me more and more that their clients, in fact, are pushing them to move faster, to adopt and they don't often get a ton more direction than that, but there's a real risk of losing a client to perhaps a more modern firm or a less expensive option. For example, the client might bring the work in house to save money, and AI actually is a tool that helps them do that. I think law firms will have to double down on the value of their deep expertise, specialized expertise to help clients with more complex work and matters, for example, in regulatory or emerging technologies where advice has a real and perceived high value.</p>
Leo von Gerlach	<p>And in that transitory situation that you see many of your clients moving, what is the help? What is the kind of service that Thomson Reuters is providing? I mean, not in detail, just in overall terms.</p>
Stephen Holloway	<p>I'll give you the big picture term, which is the TR mission to be the leading content driven and AI powered technology company. That's the vision. To execute on that, the company invests very heavily in direct response to what clients need. Some of the things that I've referenced, but many more. Soon after AI changed everything, near the end of 2022, a couple of examples. TR built the AI research skill in Westlaw, and then fast followed that with the Search & Summarize Skill in Practical Law. And it was not long after that TR also acquired Casetext and expanded the skills in their CoCounsel product, and we've also now integrated them with TR's content, as well as with Microsoft, for example, to service legal content for drafting. And then on the transactional side, very recently, TR partnered with a company called Noetica. They have a new AI driven tool for benchmarking deal turns, and that's already become a top need for large law firms in particular to win better deals for their clients.</p>
Leo von Gerlach	<p>So I understand you sourced in a lot of different tools and application and capabilities, and of course, then with your terrific platform, you translate that into products. Can you just explain us a bit about the type of products you offer, how that all materializes for the private practice you serve?</p>

Stephen Holloway	Sure, I'll give it my best shot. That is a big question; we could spend a lot of time on that. I'll just say, I like the word you use platform. I'll just say that the CoCounsel ecosystem, that's what is the umbrella brand over the product portfolio. That ecosystem offers the broadest set of generative AI skills available in the market, but that's not enough. The skills are rooted in a rich collection of TR's content and then again, servicing, where lawyers are already working, and not to turn it into a commercial but that's the best way to harness the power of AI in a few words.
Leo von Gerlach	So you mentioned CoCounsel, and that's, I understand, very quint essential in the kind of solar system that you offer to your clients. What is CoCounsel essentially providing? What makes it so special?
Stephen Holloway	Again, a topic that has a lot to it, but without going, I guess, too deep on feature level information here, it's really all about efficiently and securely delivering essential information to professionals. That includes not just law firms, but also tax and accounting firms, as well as the federal judiciary. I guess, by way of a good example, an agreement was reached recently, just a few weeks ago, that opens up access to TR's AI skills, again, that CoCounsel umbrella of skills with Westlaw, Practical Law and the CoCounsel Core product to about 25,000 legal professionals across the judiciary, and that includes the Supreme Court, all US Circuit District and Bankruptcy Courts, as well as public defenders, which is interesting, because that's a great opportunity to leverage AI to help with access to justice as well.
Leo von Gerlach	And where would you see the biggest advantages shorter term? And I just emphasize short-term here because there are really different stages the whole industry will go through, and tomorrow looks very different from the day after tomorrow. So let's just focus for the moment a little bit on what we see on the near term horizon and the difference you try to make?
Stephen Holloway	Good question. These days, we do talk a lot about efficiency. I think the next stage, without getting into too many stages, I think looking ahead, we'll start to see less lawyer intervention in repeatable legal work. So this gets into the larger topic of commoditization of work, and what firms will grapple and wrestle with in terms of impacts on the billable hour. You mentioned the vast array of products and resources across TR. There's an institute called TR Institute. It's the think tank essentially that does a lot of research and has done a lot of research on this question specifically, and even at a lower price point, those services can still generate a higher margin per matter than they do today by leveraging the technology. So that could be a separate podcast topic to itself.
Leo von Gerlach	Very interesting, and just going a little bit further into the future, how would you foresee the different stages of automatization, of driving efficiency, evolve over time?

Stephen Holloway	<p>It's so much about adoption, but it's about so much more than just the adoption of tools. As I mentioned a few minutes ago, it's like a strategic overlay on the firm. So I think what's important to talk about here is that change management piece as it impacts so many areas in the firm. I think the change management piece needs to be someone's full time job, and I think firms that surface as winners will have a top down mandate in order to outpace or out compete other firms. And that might sound a bit scary, but I think people will actually be energized by that, maybe even demand it. You know, partner level people, for example, will have very different skills in the future. It starts with recruiting, and then ongoing training programs will need to adjust for that. On the TR side, just by example, TR has gone from about 10 to 200 people this year in the Customer Success organization. That's a group that focuses on implementation and use case adoption. So that team will give a huge lift to clients as well.</p>
Leo von Gerlach	<p>That's very interesting. So right at the beginning of your answer, you referred to change management, and now we have digital transition, and now you say change management. Explain, how does this relate to one another? What does change management mean when it comes to mastering this digital transition and become ever more automated, ever more efficient in intelligent and smart ways?</p>
Stephen Holloway	<p>Sure, and happy to drill down on that piece, because, like I said, it's probably more important than the tools themselves or even the focus on adoption of tools. It goes back to that strategic overlay on the entire firm. So I think there's an acceptance piece of this. So once the firm accepts this reality, then the leaders at the firm can start to set strategic objectives for AI adoption that align with the firm's competitive differentiators. And I mentioned a couple of examples in that space, too. Firms have to know themselves first and be able to articulate their value proposition. Once they've understood that piece, they can start mapping out execution plans about what it will take to get there, in terms of the level of investment, the changes to operations, the changes to talent and upskilling and staffing. This is the change management piece, again, that I think needs to be a full time focus for someone and supported from the top down.</p>
Leo von Gerlach	<p>Yeah, I think that makes a lot of sense. You have the tone from the top, you have the infrastructure that you want to implement, and that's where Thomson Reuters come in. And then, of course, you need to have that buy-in and that advertising among the whole organization that makes sure that everybody gets along. Staying with that latter point, do you see firms struggling to get everybody along on that journey?</p>
Stephen Holloway	<p>Definitely. I think lawyers are always resistant to change in particular. That varies also by type of work. I think that a firm does...I've met with several firms, large firms, last week, and spoke to some leaders in DC as well, and some examples come to mind around the resistance to leverage AI where there is a highly specialized practice. For example, I think I mentioned regulatory work. That's perhaps a good one. Although, on the other hand,</p>

	<p>even firms where, that see themselves as having a very high level of expertise and are resisting the change in transformation, or digital transformation, on sort of the practice of law side, until they see more proof points and evidence that it will support their entire workflow, not just sort of a generic skill, like a summarization skill, for example, that perhaps lots of products and companies could offer, but doesn't really support necessarily the end-to-end workflow. It doesn't necessarily differentiate the firm, or perhaps a different way to look at it, it doesn't add value to the client, because the firm's expertise is in specialized counsel, again, sticking with the regulatory or emerging technology example. However, even those firms are starting to open up and ease up a little bit on that resistance to change with more of an understanding and focus on the business of law side. So those firms are starting to see where they can sort of cut their teeth on finding opportunities for leveraging AI, perhaps more in things like experience management or operational areas of the firm that don't necessarily yet touch the practice. But I think going forward into the future, there will be more opportunities for all types of law firms.</p>
Leo von Gerlach	<p>And then there will be, of course, firms who does it better than others, and perhaps your views on the competitive landscape, on how that may change and who may have the upper hand, and what the leverages are; any perspective on that?</p>
Stephen Holloway	<p>Yes, we've done a lot of research on where the momentum in the market is happening across law firms, corporate clients, and we're finding that those who have dipped their toe or gone further than that with the adoption of tools are already seeing the benefit. They're already seeing that there's value to leveraging the tools. And I think it's worth noting that when we start to see the transformation happening and handling, again, more than just the adoption piece, the ones that will rise to the top are the firms that are delivering tech-based services and also the ones that are differentiating themselves with more specialized expertise.</p>
Leo von Gerlach	<p>Yeah. So it's a time where kind of winners are made. And well, where there are winners, they may also those ones who are not no winners, and that means, yeah, quite some shifts in the landscape. Let's take a look a little bit further down the line. How would you see the industry evolving over a now, really longer period of time? Let's not say five years. Let's say 10 years, perhaps. And I guess that's a difficult question, but still, give it a go and just tell us how do you think this will all evolve in the kind of longer term?</p>
Stephen Holloway	<p>I'll give it a shot. You're right; that's a difficult question. I don't know is the short answer. It's changing so fast but I think I can say that AI is not going to replace lawyers. That's a fear out there. AI works best when it complements what they do. I also think, and I alluded to this briefly a moment ago, I think we'll start to see more end-to-end workflows with less human oversight. So, a part of that will be through the adoption of agentic AI, which is also a wave in this transformation that, from a technology</p>

	<p>standpoint, is already starting to show up. But when we move out of this efficiency phase to changing the firm's business model and changing the way legal services are delivered to leverage technology, and then I think the one that will come to fruition more in that maybe 10-year timeline, is the end-to-end workflows with less lawyer, less human oversight. I think that's the transformation that will allow firms to handle adoption, and they'll be ready to handle adoption, because they've made strides along the way, and I think what AI will do is undoubtedly have a massive impact on the profession. I think we can all agree on that one. So, wait and see is definitely not a winning strategy.</p>
Leo von Gerlach	<p>Wow. Now you spoke about agentic AI, and that kind of means machines talking to machines. Well, that's a journey. In any way, Stephen, that's a topic for a different discussion, which I'm very, very happy to have with you at another point in time. For now, it was absolutely terrific speaking with you. Thank you so much for your insights, and thank you everybody actually, for listening. And I hope you join again when we have the next edition of <i>The Influencers</i>, which is coming up soon. Until then, take care. Goodbye.</p>