

Legal Knowledge Management

WHY IT'S A STRATEGIC PRIORITY
AND DIFFERENTIATOR

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INCLUDING 6 EXPERT OPINIONS





Jorn Vanysacker

Founder and Co-CEO, Henschman

Hi there,

You've probably seen Freud's iceberg analogy in thousands of management presentations, so it's actually pretty spectacular we have never used it at Henschman so far: what you see above the waterline is only a fraction of what lies below the surface.

Now imagine that this iceberg represents your law firm's knowledge. The visible tip is usable data: easily accessible, often raw and static and perhaps too incomplete to base good decisions on. But there's also a big, invisible mass underneath. If your firm manages to access and leverage this knowledge and metadata, it will help you to outperform your competition, empower your lawyers to become trusted advisors and deliver the best possible client service.

Even though knowledge management (KM) has been around since the mid-2000s, every law firm seems to chart its own way. But as the legal industry sails the unknown waters of emerging technologies like AI, and more particularly Generative AI (GenAI) and Large Language Models (LLM), the potential of good KM has never been greater.

But what is good KM, and why should law firms consider it? What value can it bring? And how do you build a KM team that can withstand the test of time (and tech)?

In this report, we've asked 6 knowledge management experts to give us their perspective on what law firms need for KM to be successful, and what potential roadblocks can be. We'll delve into the difference between data and knowledge, examine how KM has evolved, and look at the opportunities presented by the rise of GenAI. In the end, firms that harness the full potential of their knowledge will be the ones steering the ship—while others are still trying to navigate their way around the iceberg. And we all know how that ended for Jack and Rose...

So, dive deep, explore the depths, and make sure you're not just skimming the surface. After all, the real treasure is what's hidden below.

Enjoy the read.

Jorn

Contents

SIDLEY

Lauren Odom
Product manager
(Knowledge Management)
p4



Akin

Patrick Dundas
Managing Partner
p6



CUATRECASAS

**Monica Teixeira
André**
Senior Knowledge and
Innovation
p8



Davis Wright Tremaine LLP

Joe Davis
Manager of Knowledge
Management Solutions
p10



Stibbe

Tjeerd van Ginkel
Director Knowledge and
Innovation
p12



Matheson

Juliette Casey
Manager, Knowledge
Management Lawyer
p15





Lauren Odom

Product manager (Knowledge Management)

SIDLEY

The Silent Partner in Legal Success: Knowledge Management's Hidden Influence

Knowledge Management (KM). What is it? And how is it defined? You'll see that the answer tends to vary in definition depending on whom you ask. When I was a young reference librarian, KM was perceived as "knowledge about knowledge" or "data about data." It was a concept that was understood in theory but putting it into practice was somewhat enigmatic. In some cases, KM was a buzzword or a new terrain to be explored. In fact, many KM departments at law firms originated as special initiatives within Innovation or Knowledge Strategy.

Information professionals are familiar with the iceberg analogy, which illustrates that what we know is merely the tip of the iceberg, while a wealth of critical information remains submerged. This submerged knowledge is often tacit; unwritten, unspoken, and residing in the minds of practitioners. While

explicit knowledge is readily documented and accessible, the added value of KM lies in capturing and uncovering tacit knowledge. This includes the experiential insights and contextual understanding that lawyers gain on the job, which can be critical in uncovering key indicators when predicting outcomes.

KM in the Legal Industry Today

Today, at its core, KM is about understanding the intricacies of information; what we know, what we don't know, and how to bridge that gap.

It's the art of transforming raw data into actionable insights and using these findings to craft a compelling, winning strategy.

In a world inundated with information, KM has become the compass, guiding law firms towards innovation, efficiency, and exceptional client service. It has transcended its status as a buzzword in the legal industry; containing the ingredients to the "secret sauce" that will distinguish firms in the future. As we stand on the precipice of a new era, shaped by rapid technological advancements, including the emergence of legal tech products that leverage generative AI and LLM (Language Learning Models), and the changing client expectations that go along with them, KM is set to be a foundational element of competitive advantage. By organizing and analyzing

knowledge, both internal and external, firms can detect patterns, discover hidden opportunities, and chart a path for growth. KM acts as a catalyst for experimentation and a source of innovation.

The Identity and Transformational Power of KM

A firm's knowledge base constitutes its identity, reflecting its expertise, achievements, and even failures.

While delving into the archive of past mistakes may not sound appealing, the adage that there are no failures, only data, encapsulates the transformative power of KM. KM systems allow firms to store past experiences and analyze them without the emotional baggage, transforming previous shortcomings into valuable insights for future strategies and ensuring ongoing improvement and success.

KM and the Human Element

KM also uncovers the human aspect in a world increasingly driven by data. It can identify networks and past experiences that may lead to conversations and connections, filling the gaps that data alone cannot bridge. KM highlights the importance of relationships, context, and subtlety. It can allow lawyers to connect the dots to discern the unspoken needs of clients, often before the clients themselves have articulated them.

KM at the Heart of Future Legal Evolution

In the next five years, firms that excel in KM will be the ones to watch.

They will be adept at predicting market trends, spotting emerging opportunities, and providing customized solutions with remarkable speed and precision. A firm's knowledge will become its most prized asset, differentiating it from competitors and cementing its lawyers as trusted advisors to their clients.

As the legal industry continues to evolve, KM is poised to position itself at the core of this evolution. It is the key to unleashing a firm's full potential, driving innovation, and delivering outstanding client experiences. By adopting KM as a strategic priority, firms can not only endure but flourish in the years to come.

The Crucial Role of Knowledge Management in Law Firms

Clients generally choose a law firm instead of a solo practitioner because they want to benefit from the collective knowledge available at the firm. The most effective way to meet these expectations is by implementing a robust Knowledge Management (KM) and Innovation function that, among other things, makes implicit knowledge explicit and accessible.

Approaches to memorializing knowledge and enhancing efficiency

When properly implemented, KM systems and processes ensure that the know-how and work of lawyers are memorialized and made available to others in the firm. This has the potential to enable the firm to (1) deliver work faster (meeting tight deadlines), (2) deliver higher quality work (preserving the firm's reputation), (3) complete the work at a lower cost (making the firm more competitive), (4) provide lawyers and staff with resources to build their skills, and (5) create a community of lawyers and staff that feel supported and empowered, all of which may provide a competitive advantage over other law firms that may not have such systems or have less effective KM systems in place. There are many different tools available to law firms that may be used to build a robust KM function, each of which requires a balanced combination of **human resources and technology** to be successful. While technology is essential for storing information and creating workflows, human expertise is vital for the effective implementation and adoption of these technologies.



Patrick Dundas

Partner

Akin[®]

Large law firms often bifurcate what used to be a single KM function into an **Innovation Team** and a **Knowledge Management Team**. The job of the Innovation Team (often primarily comprised of non-lawyer professionals with expertise in legal technology and project and change management) is to identify and vet technology and manage its implementation and adoption. Meanwhile, the Knowledge Management Team (often comprised of lawyers that support specific practice groups) undertake so-called traditional KM tasks, including establishing form and precedents banks, creating experience databases, and developing internal processes and systems that help capture knowledge. These functions must work collaboratively, as the Innovation Team needs the substantive knowledge of the KM lawyers to identify legal technology business cases and the Knowledge Management Team relies on technology.

Bridging the gap between practice and technology

For KM initiatives to be successful, it is essential to have **the right mix of people** involved, particularly lawyers who have a deep understanding of their respective

practice areas and the pain points in the workflows of that practice. In addition, someone on the team (typically the KM lawyer) must bridge the gap between practice and technology, regardless of whether that technology comes from an internal team or a third-party supplier.

While some believe that every lawyer should learn to code, that may be an unrealistic expectation. It may take a career to understand a practice in depth, and a career to understand technology in depth. Rather than expecting an individual to embody all the skills required, a better approach is to build a collaborative team of KM, innovation, marketing, attorney development, training, accounting, conflicts, and IT professionals to work with external vendors and consultants to make KM projects go well.

Breaking the silos with KM

While not every KM initiative requires this level of collaboration, it helps to know when to bring someone in and who to talk to. It is common for teams to work in silos, identifying business needs and seeking solutions independently, without realizing that existing solutions may already be available within the firm. By engaging in **open dialogue** and collaborating across various departments, teams can identify broader business needs and leverage shared resources.

Selecting the **appropriate technology** to meet the organization's needs is another challenge. Factors such as cost, user

experience, and change management must be carefully considered. Everything we do intersects with technology; but in some cases, the solution may not be new technology, but rather enhanced training on existing systems, for example. Each situation must be evaluated individually to determine the optimal approach, with a focus on ensuring that lawyers are actively engaged in the process to maximize its effectiveness.

The Future of KM and Legal Tech

Over the past five years, there has been a significant increase in the awareness and importance of KM and Innovation functions in the legal industry. The explosion of legal tech startups and advancements in technologies have accelerated this trend. The challenge for firms is to identify their true needs and find the right solutions, whether based on human processes, information technology (such as AI), or a combination of the two.



Monica Teixeira André

Senior Knowledge and Innovation



CUATRECASAS

The Evolution of Knowledge Management: A Five-Year Perspective

Knowledge Management (KM) is in the DNA of innovation: Teams become more digital while also improving their human skills

Faced with a scenario of some technological stress due to the abundance and range of technological solutions, the KM team plays a more crucial role than ever, and will continue to do so in the coming years. How? By helping to identify needs, testing systems, and driving innovation. It's not enough to build or buy systems and learn how to use them. It is vital to create an open mindset of constant evolution and adaptability to ensure that we are always ready and able to make the most of technology and know how to integrate it wisely into our work. It also requires a proactive approach to consistently evaluate and consider potential adjustments or develop feature enhancements. An experienced KM team has the proficiency

and expertise to advise on the important decisions of whether to build or buy a system, to think about how to adapt and create new ways to improve generative AI, and to help share best practices. It is this ongoing commitment to innovation and adaptability that will enable us not only to keep pace with the future of technological advancement, but to shape it.

At Cuatrecasas, we have implemented a cutting-edge strategy over the past few years that has enabled us to take a quantum leap with generative AI. Looking ahead, we are confident that we can continue to accelerate our progress over the next five years.

The meticulous management of our well-organized knowledge base, accumulated over the years, now enhances and speeds up our ability to effectively use AI systems.

These systems are well-fed with invaluable know-how (in our case, more than 2500 models), allowing us to calibrate and minimize the risk of hallucinations. In addition, we are highly focused on continuously testing systems with new features and integrations between different platforms and tools. The search for new solutions is always on our radar, which demands tremendous effort but is essential to stay at the forefront of innovation. This requires seamless integration of our KM efforts with IT and our legal teams, to ensure that we remain leaders in our field. Innovation must flow, and we must never lose sight of the fact that our lawyers need to understand the resources at their disposal and use the right tools for each specific purpose.

At Cuatrecasas, we know that investing in the development of soft skills and sharing highly specialized knowledge is just as important as adopting the technology that supports us in our daily work. This dual approach is at the core of our strategic vision for the future and will be our strategic priority for the next five years. Our KM team will design training plans and actively participate in knowledge-sharing processes.

Elevating KM to the forefront

We are an international law firm that pioneered the use of generative AI. As a result, our clients have shown a growing interest in us sharing our findings and best practices from our AI projects. Our clients are also becoming digitally skilled, and we are committed to sharing our experience so we can become their trusted partners and be recognized for our added value.

We also know that client involvement is crucial to better understanding their expectations. Therefore, KM teams must be more involved in client relationships. They should no longer be limited to the backstage.

KM becoming more and more agile

Today and over the next five years, KM teams should transition from traditional, rigid organizational structures to more flexible ones. This new approach will emphasize addressing issues through integrated, multidisciplinary teams.

This has already caused us to rethink the role of KM in practice areas that are now being reorganized according to our firm's strategic plan. KM must ensure that the firm's vision continues to evolve in line with business and market trends. Our KM mission in Cuatrecasas is helping to break down silos and enhance alignment among teams, working with a client-centric vision rather than the traditional service-based division.

In conclusion, KM teams face a challenging and exciting scenario over the next five years as they have to balance the digital and human aspects of their work, engage with

clients, and adapt to firms' changing needs. To succeed in this mission, KM teams should consider the following three key aspects:

- KM teams are essential change agents in fostering a culture of innovation, by helping to assess needs, test systems, and create an open mindset of constant evolution and adaptability. KM teams have the necessary expertise to advise on the important choice of building or buying a system, to think about how to leverage, adjust, and create new ways of enhancing generative AI, and to help share best practices.
- Invest in soft skills training and sharing of highly specialized knowledge, as these human attributes are and always will be as important as technology. KM teams should not only design and participate in the knowledge-sharing processes but also constantly rethink and adapt them to encourage the development of new skills and innovative formats.
- Become more agile by focusing on an integrated multidisciplinary approach rather than the traditional organization that's often structured into speciality groups. KM teams must ensure that the firm's vision is continuously evolving in line with business and market trends, helping to break down silos and enhance alignment among teams, working with a client-centric vision.

KM teams will be the dynamic bridge between cutting-edge technology and human legal knowledge and expertise.

As we leap into the future, KM teams will be the dynamic bridge between cutting-edge technology and human legal knowledge and expertise, crafting a world where innovation isn't just a goal—it's a strategic advantage.



Joe Davis

Manager of Knowledge Management
Solutions



KM is finally claiming the spotlight

Since the mid-2000s, Knowledge Management teams have been the unsung heroes of law firms and corporate legal departments. Whether curating clause banks, conducting research, building reusable templates, or managing intranets and extranets, KM teams have quietly enhanced efficiency, elevated the quality of legal services, and driven innovation for two decades. It's precisely this versatile, "jack of all trades" approach that positions KM to lead the legal industry into the era of generative AI.

KM is crucial for developing and deploying AI solutions.

With the expertise and responsibility to manage an organization's knowledge assets, KM is crucial for developing and deploying **AI solutions**. Working together with information governance and security teams, they ensure that the data feeding AI systems is accurate, relevant, and secure, aligning outcomes with the organization's goals and values. KM professionals

understand the intricacies of managing large volumes of sensitive legal data, making them well-equipped to oversee AI systems that process and analyze this information. Their deep understanding of legal contexts and challenges is essential in creating AI solutions that are not only technically sound but also legally appropriate and ethically compliant.

KM teams also play a pivotal role in facilitating **AI adoption** by providing training, support, and guidance to end-users and stakeholders. With a firm-wide mandate that touches all practice areas and departments, KM can implement AI solutions that benefit the entire organization, avoiding the pitfalls of siloed approaches. By bridging the gap between technology and legal professionals, KM fosters communication and collaboration across practice groups and administrative departments, helping organizations build on successful strategies and avoid past mistakes.

This strategic position allows KM to effectively manage **AI projects**, ensuring that technical solutions meet legal needs. KM's experience in driving organizational change is critical when implementing AI,

as it often requires significant shifts in how work is done. KM can lead the cultural and operational changes necessary for successful AI adoption, ensuring that AI systems evolve alongside the firm's practices. Their commitment to continuous improvement of knowledge assets and processes is vital for maintaining and enhancing AI systems, which need regular updates to remain effective and relevant – especially as the AI field changes almost daily.

This is not to say KM can do all of this alone. **Partnering** with information governance, security, and technical teams is crucial to ensure AI solutions are secure, compliant, and well-integrated. Information governance ensures proper data management, security teams protect sensitive legal data, and technical teams handle the infrastructure and implementation. Together, they can build a secure, effective AI ecosystem that enhances legal services and safeguards the firm's assets.

As the legal industry stands on the brink of transformative change with generative AI, KM teams are uniquely positioned to lead the charge.

With decades of experience managing knowledge assets, fostering innovation, and driving organizational change, KM is set to play a central role in AI adoption, ensuring that AI solutions are implemented effectively, ethically, and in alignment with the organization's goals.



Tjeerd van Ginkel

Managing Director, Knowledge & Innovation Strategy at Goodwin

Stibbe

Imagine a world where the collective knowledge of an entire law firm is at your fingertips, instantly accessible and actionable. Give it a few years, and we will be there.

GenAI: Increasing efficiency and productivity in law firms

One of the most significant benefits of Generative AI (GenAI) is its potential to enhance efficiency and productivity. AI-powered tools can automate routine tasks such as document review, legal research, and contract analysis, freeing up valuable time for lawyers to focus on more strategic activities. But if you ask me where GenAI can really make a difference, it's in Knowledge Management (KM).

Let me tell you why.

But if you ask me where GenAI can really make a difference, it's in Knowledge Management (KM).

The challenge of Knowledge Management as we know it

For decades, KM has struggled to unlock its full potential. Lawyers often can't find relevant knowledge in their Document Management Systems (DMS) because it's either scattered across data folders, or they simply don't have access to those folders. Even when they do have access, the knowledge is buried among thousands of emails, different versions, and other information, making it nearly impossible to find what they need.

To address this challenge, law firms have developed knowledge systems and processes to capture, curate, enrich, and share relevant knowledge, creating a know-how database alongside their DMS. However, these systems often fall short of keeping the information up to date and making it truly accessible and actionable across the entire firm.

GenAI: the missing piece of the puzzle

Until now, that is, because change is coming. GenAI, when focused on KM, has the unique ability to search and unlock vast amounts of know-how scattered across a DMS or other data folders, transforming disparate information into coherent, actionable output. This capability is particularly valuable

for law firms, where knowledge is key. Too often, however, law firm knowledge is siloed in different departments and databases. GenAI can seamlessly integrate and analyse this knowledge, making it accessible to everyone in the firm. This democratisation of knowledge ensures that every lawyer, from junior associates to senior partners, can leverage the collective expertise of the firm, rather than relying solely on their own expertise or that of a few colleagues.

In my view, GenAI is the missing piece of the puzzle for effective KM. It's time to assemble the puzzle with the pieces we already have.

Putting the pieces in place to leverage our collective expertise

So, let's look at the pieces: we already have great data, but making it accessible and actionable hasn't been easy. Now, with GenAI, we can. Let's explore how.

1. Making data accessible

Law firms' critical data resides in their DMS, often with strict data management processes in place. However, these processes are not designed to unlock knowledge; they are often designed to reduce risk. As a result, data management often restricts lawyers from accessing the relevant data available in their DMS, giving them access only to matters they're working on or have worked on. Now, with GenAI, this setup becomes critical because GenAI is not that useful if it cannot access all data.

Data management often restricts lawyers from accessing the relevant data available in their DMS

Therefore, one of the most important steps is to reinvent data management in law firms. With a more open data management setup that allows access to all data unless it needs to be restricted, law firms can use GenAI to unlock the value of collective knowledge. This is no easy task, as data management has always been about risk and compliance. But there is a new balance to be struck that unlocks knowledge without compromising risk or compliance.

2. Making know-how actionable

As knowledge becomes more accessible, law firms face the next major challenge: effectively integrating GenAI into their KM operations to make the data actionable. This task is far from simple. While making knowledge more accessible is a crucial first step, making it actionable is an entirely different challenge.

There are hundreds of possible use cases for leveraging GenAI on KM systems like DMS. But it's important to start with the basics and use GenAI first to identify and classify the data inside the DMS, so you don't have to sift through thousands of emails or versions to find what you need. Once data classification is in place, a second layer of KM use cases becomes available. With data already classified by AI, you can create automated workflows, such as identifying specific clauses in final versions of precedents, or get suggestions for clauses based on a conversational search with GenAI that uses only data from your database.

3. Cultivating the right culture

Making data actionable is not enough. Ultimately, your lawyers are the key to creating value from it. To do this, your lawyers need new skills to work with GenAI and make it valuable. Law firms need to invest in training and educating their lawyers to help them develop these new skills. In addition, law firms should invest in creating a culture of innovation. This includes creating an environment where experimentation is encouraged, and failure is seen as a learning opportunity. Such a culture must be open to change and new possibilities. In traditionally risk-averse environments, this shift is particularly critical: the goal is to reduce risk aversion without compromising quality.

Your lawyers need new skills to work with GenAI and make it valuable. Additionally, law firms should create a culture of innovation.

The ultimate goal for KM in the era of GenAI

The ultimate goal for KM is to create a place where collective knowledge is accessible and actionable.

Law firms that strategically open their data, implement GenAI on top of that data, and change their culture to unlock the potential of GenAI will position themselves as leaders in the field, attracting top talent and clients while gaining a significant competitive advantage.

In time, the impact will be impossible to ignore.

When Knowledge Management Meets AI

Knowledge Management (KM) is the practice of creating, managing and sharing the bank of knowledge, expertise and basic information of an organisation. A good KM team pulls information from multiple disciplines across its business and coordinates it, shapes it and disseminates it to reach the key audience in the optimum manner. Many leading law firms, including Matheson LLP, one of Ireland's foremost firms, dedicate significant resources to KM, and we are not alone. At the end of June, I was privileged to attend the [Knowledge Summit in Dublin](#), an event which was built around the theme of **Generative AI Meeting Human Experience**. There, I encountered an extraordinarily generous group of knowledge management leaders with decades of experience between them.

Compared to this august company, I would hesitate to describe myself as an expert, but I did attend the Summit in the knowledge that I work in a dynamic and evolving discipline. This was confirmed during the event where we looked at what is meant by Knowledge and strove to articulate the importance of Knowledge Management at this pivotal moment in time as we navigate the benefits and risks of changing practices and of emerging technologies such as AI – particularly as they apply to law firms. I left the event with the clear understanding that Knowledge Management is at an inflection point and that Matheson's KM, Learning & Development and Digital Services Groups are all well-positioned to respond to these challenges and to the changing needs of our clients.



Juliette Casey

Manager, Knowledge Management
Lawyer

[Matheson](#)

Knowledge Management, Tacit Knowledge and Knowledge Sharing

An example of this lay in the format of the Conference itself. Described as being a “flipped” conference, the objective was to encourage the exchange of tacit knowledge in a two-day, knowledge-sharing experience. The significance of this innovative approach will not be lost on law firms operating in the post-Covid world of remote working, in which water cooler conversations and the opportunity for the face-to-face exchange of knowledge are not as common as they once were.

A solution which works very well for us in Matheson is our twice-yearly **Knowledge Insights Series** of events, where we have also replaced the formal lecture approach with a series of panel-led interactive discussions on a variety of hot topics designed to stimulate conversations and to inform our lawyers and our clients.

While there is no one definition of Knowledge Management, depending as it does on the nature of the organisation, in the legal context it was described at the summit by

Scott Leeb as getting “the right intelligence to the right person at the right time in the right format so that they can make the right decision or offer the right advice.”

The best KM teams function as a fully integrated business partner that cascades knowledge throughout the firm.

The Knowledge Management pipeline involves data collation, curation and ultimately the creation of knowledge as insights. Moreover, the best KM teams function as a fully integrated business partner that cascades knowledge throughout the firm.

Knowledge Management Meets AI

As we progress through what are undoubtedly the early stages of the AI age, organisations, especially law firms, are now acutely aware that engaging successfully with AI will depend on having their KM house in order.

Engaging successfully with AI will depend on having their KM house in order.

While the concepts of visibility and findability have long been in the lexicon of KM lawyers, it can be said that many organisations, including law firms, are

now working towards transferring their knowledge offerings, in whatever form, into a digital format, ensuring that they are machine-readable, categorised, related and tagged and that only the correct and appropriate information is included in this exercise. Ironically, AI is already assisting in these tasks, by automating some of them, thereby helping to effect this digital transformation.

While there has been much discussion about which human roles might be replaced by AI, there is a general consensus that while technology is an enabler, it is not the complete solution. Humans, particularly the KM expert, will remain at the heart of organisations for the foreseeable future.

The Value of Knowledge Management

The value of KM has often been explained as leading to increased productivity and reduced cost, better learning resources and better employee and client retention. However, much of the value of AI in the future will also allow for the identification of risk, including by identifying gaps in knowledge.

Using the language of Thomas Gray, while the “ample page” of knowledge continues to “unroll”, “the spoils of time” will reveal the significance of this particular moment in time when Knowledge Management meets AI.



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