

MACFARLANES

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Lawtech

# Introduction to lawtech



# Introduction to lawtech

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Our lawtech practice develops technological solutions for legal problems, offering new and innovative ways of tackling our clients' most complex issues and enhancing and streamlining the firm's existing services.



Technology increasingly plays a significant role in our everyday lives, providing new solutions which would not be possible without technological innovation and making traditional tasks more efficient. The legal sector is no different.

As an integrated part of the firm, the team benefits from the strong relationships and in-depth knowledge that we already have of our clients, their businesses and the issues that they face. This understanding enables us to work directly with clients to provide custom-built solutions, often designed from the ground up, to fulfil their specific legal needs and requirements.

We are both bold in approach and ambitious in delivery, encouraging clients to test us, pushing the boundaries of what our technologies can do. The lawtech team combines a diversity of insight and experience in relation to technology, data, design, knowledge management, process, change and law, which helps us to develop a wide range of creative and forward-thinking delivery outputs to complement the trusted legal expertise that the firm provides.



Lawtech



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Emerging legal technologies, new tools and alternative approaches are driving significant change within the legal profession. They're changing the way we do our work, how we deliver services to our clients and the range of services we offer to our clients. They offer us the opportunity to provide our clients with exciting new products and services which are enabled by those technologies, tools and alternative approaches.



## Chris Tart-Roberts

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Our lawtech practice is at the forefront of how we, as a firm, respond to this evolution. We recognise that fusing legal and technological expertise seamlessly can help our clients solve their most challenging business problem in more innovative, more sophisticated and more technologically-advanced ways. As these new areas of opportunity open up, we're committed to offering our clients a diverse set of capabilities to meet their evolving legal needs.

## Awards



**Future of Legal Services  
Innovation - Mid-Sized  
Private Practice**  
Legal Innovation Awards 2021



**AI innovation**  
Legal Week Innovation Awards 2020



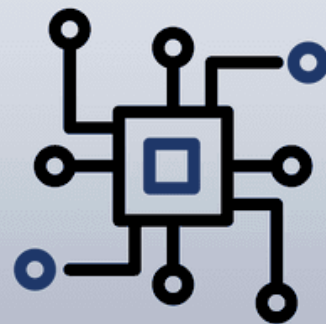
**FT Top 30 Law Firm**  
FT Innovative Lawyer Awards 2020



**Knowledge Management  
Innovation**  
Legal Week Innovation Awards 2018



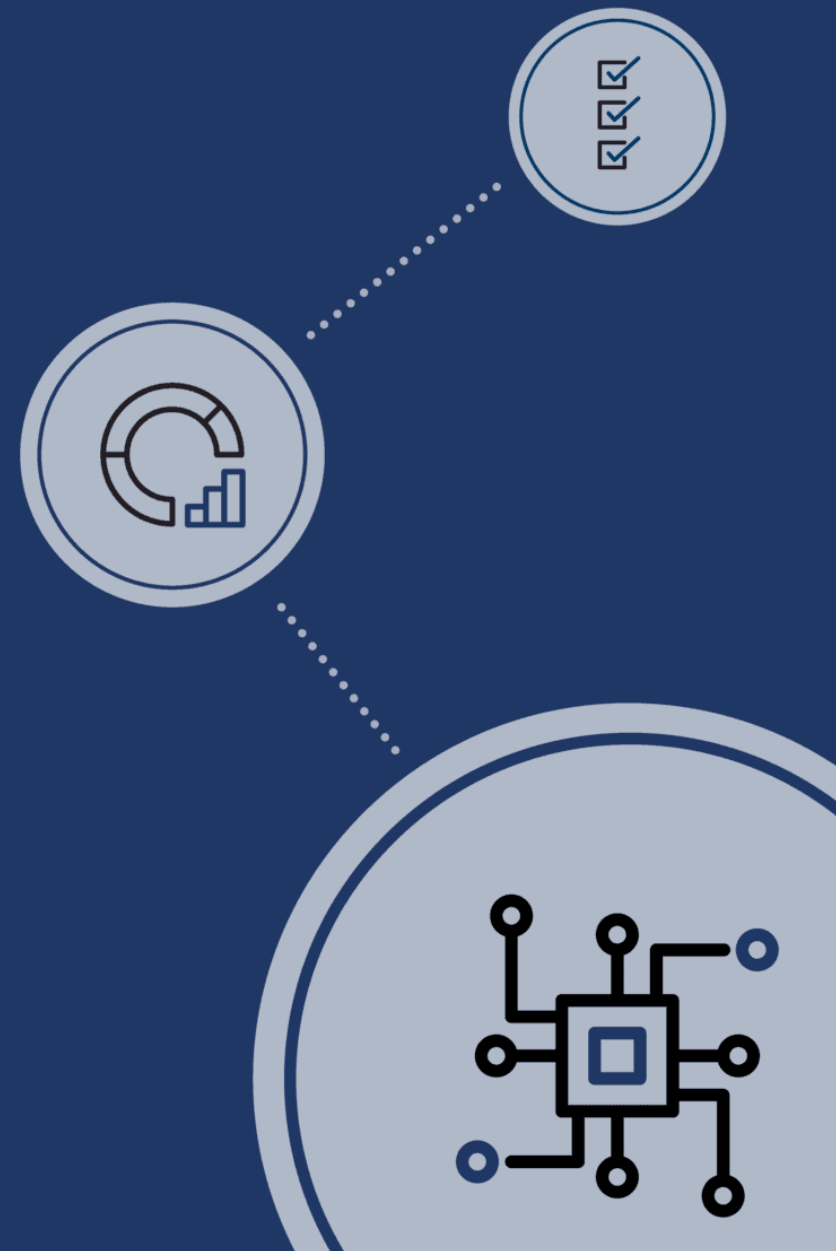
# What we offer



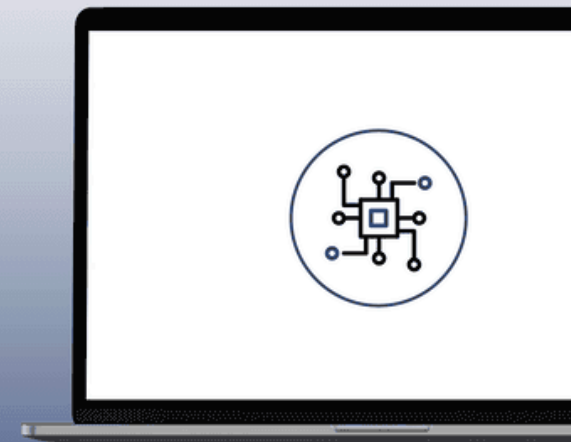
# Products

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1. Bespoke client solutions
2. Automated contract management - *Velocity*
3. LIBOR-transition assessment - *Vantage*
4. Family office hub - *Bastion*
5. Tax risk management - *Compass*
6. DAC6 portal



# Bespoke client solutions







## Bespoke client solutions

As law and regulation continues to develop and evolve, imposing ever greater obligations, and organisations' day-to-day operations become more sophisticated and multifaceted, our clients look to technology to solve their complex issues and ensure ongoing efficiency.

Though "off the shelf" solutions can go some way towards solving these issues, they often do not satisfy all requirements and so clients turn to us to combine our legal and technological experience to satisfy their specific needs.

We develop bespoke solutions to:



Cut through complexity



Leverage data



Create actionable insight



Promote accuracy



Improve consistency



Manage scale



Support collaboration



Enhance visibility



Streamline operations



Drive efficiency



Deliver competitive advantage



# Case studies



# Market analysis and business decision support

## Situation

An important client for the firm was keen to explore new ways for extracting critical information relating to the legal terms contained within transaction documents. Dealing with vast quantities of data meant that manual review processes were becoming time prohibitive, particularly when business decisions needed to be made quickly. The client felt that they could achieve a competitive advantage if this insight was unlocked and made easily available when needed.

## Action taken

We worked with the client to develop a bespoke AI-based solution to allow them to access detailed analysis relating to key terms, market trends, outliers and anomalies in their significant body of data very quickly and easily, with significant flexibility for self-configuration and adaption.

Our team custom-trained AI models and optimised them for the client's key data points, with the lawtech team working closely with subject matter experts to ensure that extremely high levels of accuracy were achieved.

The client, a sophisticated technology user, was eager to have access to the underlying AI technology and to be able to use it themselves, so the solution needed to allow the client to change, reconfigure and re-run analysis depending on what they were interested in. The ability to add to the underlying data set so that the analysis could be updated was also important.





# Market analysis and business decision support

## Impact for client

A key driver for the client was to enhance the value that they as a team could provide to the other business teams when making certain trading decisions. By having full access to the AI technology themselves, the client was able to drive analysis depending on their needs at the time, filtering the data by reference to individual data points or a combination of variables, allowing them to access a range of both general and nuanced insights.

To date, more than 1,800 transactions have been analysed using the solution and the analysis made available for interrogation. This data then feeds into the platform's dashboards which can quickly identify trends, patterns and discrepancies to aid the business' decision making.

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We were impressed with the project's outcome – particularly the combination of legal and technological expertise that Macfarlanes was able to field. It's a great example of a law firm embracing technology and using it to benefit their clients. The project has given us access to insight and analysis that we couldn't have accessed any other way and helps demonstrate how AI can be used in a legal context to support investment research.

GC at international hedge fund manager



# Entity management

## Situation

An asset management client was seeking a solution for several operational complexities. As a firm, they were regularly creating new fund structures, alongside managing existing ones, which made it challenging to keep track of all the most up-to-date data and documentation regarding their multiple subsidiaries. The client was looking to address:

- the management and analysis of key documents and data at point of need;
- silos forming where information is held by different advisors and counterparties; and
- a need for better collaboration and visibility internally and between interested parties.

## Action taken

To tackle these pain points, the lawtech team worked closely with the client to develop and embed a comprehensive entity management solution to act as a single point of truth for all information regarding their fund structures.

Feedback from the client was used to tailor functionality and user interface, resulting in a centralised system which was quick and easy to navigate for both the client and their team of professional advisers.

The cutting-edge security protocols and full permissioning capability were set to the client's requirements to facilitate effective collaboration but also to lock down information and documents to specific individuals or groups, allowing secure segregation of their key information where needed.

# Entity management

## Impact for client

As the organisation's existing adviser, we understand the legal context for the structures they have in place and, having often established them ourselves, the corresponding documentation and data. This gave us a significant advantage over the off-the-shelf information management systems on the market.

As well as providing a comprehensive and centralised access point for data, the solution gave our client the tools they needed to better understand and manipulate that data via real-time reporting, data visualisations and interactive dashboards.

The client appreciated the ability to share documents and information with other advisers, counterparties and key persons and the facility to receive and distribute notifications and tailored alerts to specific individuals.



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This project really demonstrates our commitment to delivering best-in-class client service – not just in relation to our clients' purely “legal” needs, but also in relation to the issues they face within their business and in their own operations. As well as providing our client with a comprehensive and centralised access point for their data, the solution gives our client the tools they need to better understand and manipulate that data via real-time reporting, data visualisations and interactive dashboards.

**Ceinwen Rees, partner in our tax and reward practice**



# Automated contract management



# Velocity

Drafting, negotiating and executing commercial contracts can be a time-consuming and complicated process. In the fast-moving world of business, clients need this to be as efficient and reliable as possible, particularly when they are negotiating multiple contracts simultaneously, with a range of stakeholders and often within tight timeframes.



Fast-paced and concurrent discussions can complicate the process further with clients needing visibility of, and access to, any changes being made by their team of multi-disciplinary advisers, as well as oversight of what has been agreed previously.

Velocity is a ground-breaking online solution which brings together a raft of cutting-edge technologies to transform the way that commercial contracts are drafted, negotiated and executed.



Working alongside our lawyers, these technologies are deployed to streamline and automate processes, ensure the use of consistent provisions in drafting and continuously gather data for analysis and interrogation. This speeds up the process significantly, in some cases accelerating tasks which used to take days to a matter of minutes, allowing our lawyers to focus their knowledge and experience on the more challenging elements of the negotiation.

# Key features

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- Fast and accurate drafting regardless of type, length or complexity.
- Automated import of standard transaction data.
- Document management with version and audit control.
- Bespoke and interactive data analytics.
- Live status tracking.
- Digital document negotiation in real time.
- Seamless and secure electronic signing.
- Sophisticated permission controls for each user.
- Optimised for desktop, tablet or mobile.

The Velocity platform can be accessed by the lawyers, the client and any other advisers, allowing interested parties to self-serve rather than having to request any information they need. This ensures total transparency for the client who can see the status of any contract negotiation and provide input with the click of a button wherever and whenever they need to.





When implementing Velocity, the lawtech team works in close collaboration with both the client and with the lawyers from the relevant practice within the firm who will manage the contracting process to ensure that we tailor the product to fulfil the client's specific requirements.

Velocity has been developed as an end-to-end solution for contract management, but various parts can also be employed in isolation depending on the client's needs and the type of work being undertaken.

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Velocity is a great representation of the direction of travel for the legal services industry – using technology to augment lawyers and to enhance the overall legal service. Velocity goes way beyond what we expected could be achieved and we expect it to have a significant, positive impact on our business.

GC at leading investment management firm

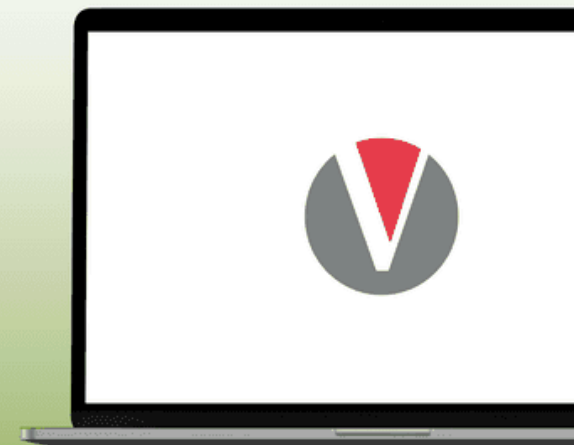


Over 280 transactions initiated via Velocity within first 12 months after deployment.



Tasks reduced from 3-5 days to a matter of minutes.

# LIBOR-transition assessment





The FCA has made clear that market participants should not rely on LIBOR being available after 2021 and that it is expecting authorised firms to take immediate action to develop and execute a transition plan to risk free rates.



Many of our clients, and in particular senior managers with individual accountability within their organisations, have been coming to us for bespoke LIBOR transition planning advice and it became clear that, given the significant volume of client documentation with potential LIBOR exposure, an AI-driven technological solution was necessary to quantify that exposure accurately and efficiently.



Vantage is a digital solution developed by Macfarlanes to help clients understand the impact of the LIBOR discontinuation and transition to replacement rates. It uses custom-developed machine learning algorithms, combined with the analysis of subject matter experts, to review a wide range of client documentation for explicit and implicit LIBOR dependency, establishing the legal and practical implications, and positioning the client for the subsequent process of taking remediation action.

# Key features

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- Combines cutting-edge AI technology and first-class legal expertise to accurately and efficiently analyse documents.
- Fully tailored LIBOR-transition impact assessment focusing clearly on what's relevant.
- Advice, analysis and detailed review delivered via a secure online portal.
- Interactive data analytics.
- Capable of analysing a range of agreements and instruments.
- Digital executive summary providing an easy to digest top level assessment, with the ability to drill down into the detail where necessary.

By combining our legal experience advising financial institutions and alternative lenders, credit funds, alternative asset fund managers and institutional asset managers, amongst others, with the expertise of our lawtech team we are ideally suited to provide this solution for our clients.



This combination of expertise has allowed us to create a product build specifically for financial clients which generates the best results from current AI technology. Comprehensive data analysis delivered via an easy to use online portal makes the output immediately understandable and actionable for the client's decision makers.



Our work using Vantage to support clients with LIBOR transition planning was recognised by the Legal Innovation Awards 2020, winning top prize in the AI Innovation category.



Automated review of 2,200 client documents for one client.

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We're really pleased with how Macfarlanes has combined a high level of legal expertise with first rate tech capability on this project. The LIBOR transition is an important and complex issue for our business, and the Vantage AI solution has allowed us to understand our exposure accurately and efficiently. The AI dashboards have been very useful to help us understand the analysis, share internally with our risk committee and other stakeholders and to prioritise the path forward. A great example of how technology can help deliver value and excellent client service.

**Legal counsel at leading alternative asset manager**



# Family office hub







Family offices undertake increasingly complex and varied activities for their families. This often includes supporting multiple individual family members as well as the family as a whole. For international families with businesses and assets spread across jurisdictions, the associated complex asset-holding structures often require close oversight and careful management.



Despite these nuanced requirements, until now there has been no tailored solution on the market to allow family offices to manage all of their activities in one place and from any device.

The centralisation of documentation and information through Bastion is of key importance in building up long term “institutional memory” for the family office.



We have created Bastion, a secure, cloud-based system designed to be a “hub” for both the family office and family members to manage structures, documents, projects and day-to-day administrative activities.

# Key features

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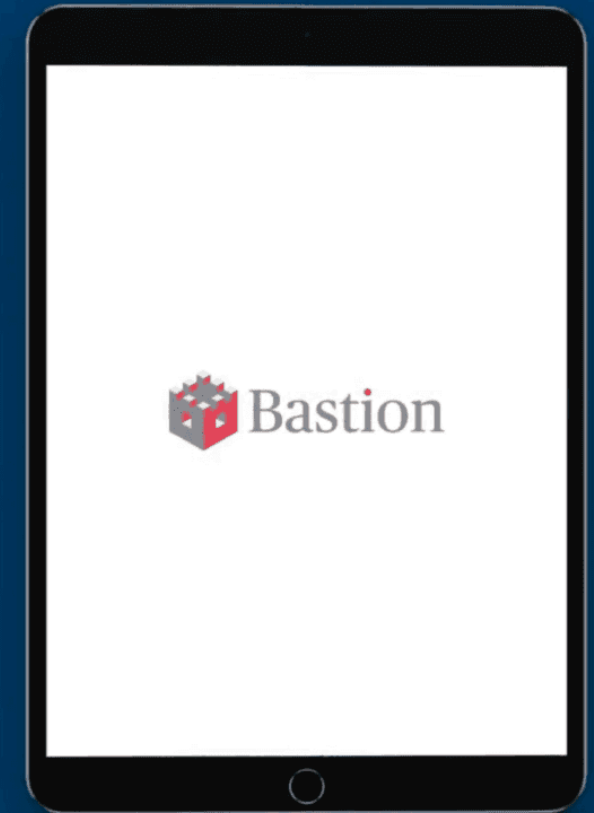
- Document storage and management with version and audit control for associated review, approval, processing and renewal activities.
- Structure and family charts that link through to associated documents for each asset/family member.
- Live, bespoke and interactive data analysis.
- Task and project management.
- Bespoke user interfaces for family members and the family office team.
- Ring-fenced access for third parties such as banks to upload reports/advice and report on tasks.
- Centralised diary management.



Bastion evolved following a number of conversations with existing family office clients who were looking for a solution to help them manage and analyse their day-to-day activities, but were disappointed with the products available in the market. By combining our legal experience advising family offices with the resources of our legal technology team we were ideally suited to create a bespoke solution for our clients.

Our internationally renowned private client, corporate and tax teams provide comprehensive advice at all stages of the family office lifecycle, from setup and design of the family office itself, including consideration of holding structures and the governance and development of its role, through to generational transition within both the family office and the family itself.

We invest considerable time in building lasting relationships and act as long-term trusted advisers so that we can combine our leading legal expertise with deep understanding of our clients' personal needs, business aims and commercial drivers.



# Tax risk management





As the volume of technical tax-related regimes continues to grow, corporate groups are becoming increasingly aware of both the complexity of managing compliance with these regimes, and the reputational risks associated with falling short of them.

The rise of ESG as a boardroom issue has further compounded the level of scrutiny companies can expect to face in relation to the tax positions they adopt and the depth and breadth of information they choose to disclose to their stakeholders.

Not only do organisations need to be able to demonstrate their compliance with the relevant legislation, they also need to show that they have given careful consideration to the approach to tax they have adopted and be prepared to explain and defend this to a variety of stakeholders.

The portal consolidates the client's strengths and vulnerabilities in one place.



Our tax risk management solution helps clients to understand their overall risk profile, both in terms of the technical tax risks themselves, but also the reputational considerations associated with tax governance and disclosure. It consolidates the client's strengths and vulnerabilities in one place, providing an overall tax risk rating for their organisation (and in various key risk categories) and corresponding advice on how to mitigate any potential issues.

## Key features

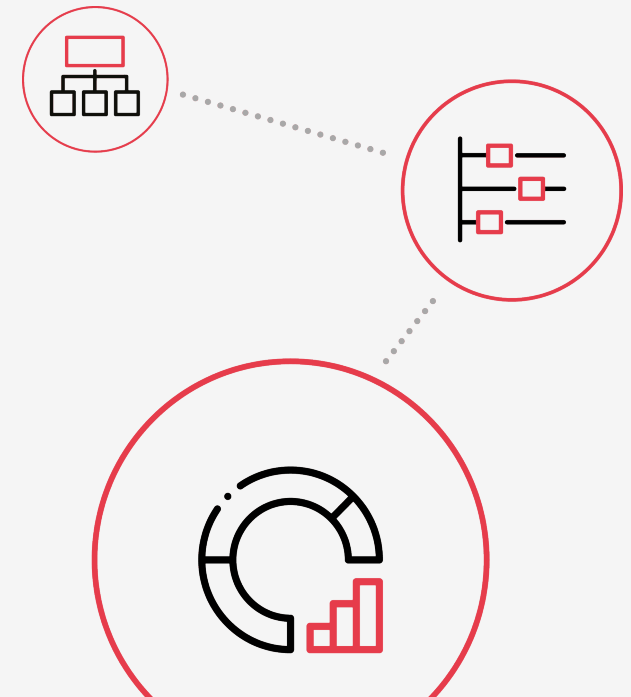
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- Consolidation and documentation of current tax risk management practices.
- Comprehensive evaluation of group's tax risk position.
- Identification of reputational risks and opportunities.
- Technical tax compliance analysis.
- Tailored ratings report with practical next steps.
- Identification and articulation of existing "good behaviour" to communicate to stakeholders.

The solution is responsive and adapts to the information the company provides on factors such as business structures, recent company developments or investor engagement practices.

It has been designed as a repository for all information relevant to the company's tax risk position. It can be used as a one-off or revisited as a regular health check.

We have built this solution in-house, in close collaboration with our team of tax experts. This technological solution paired with our legal expertise enables us to provide clarity and certainty for our clients regarding their tax risk compliance obligations.



# DAC6 portal

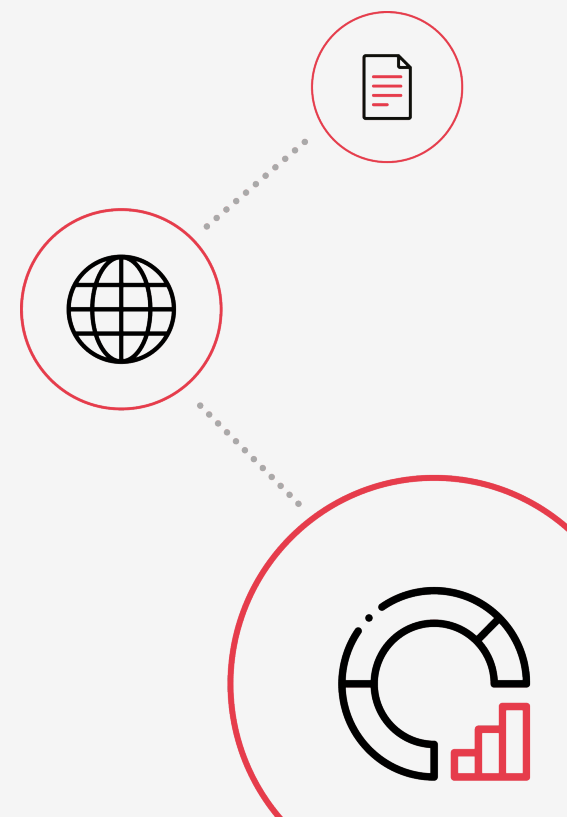






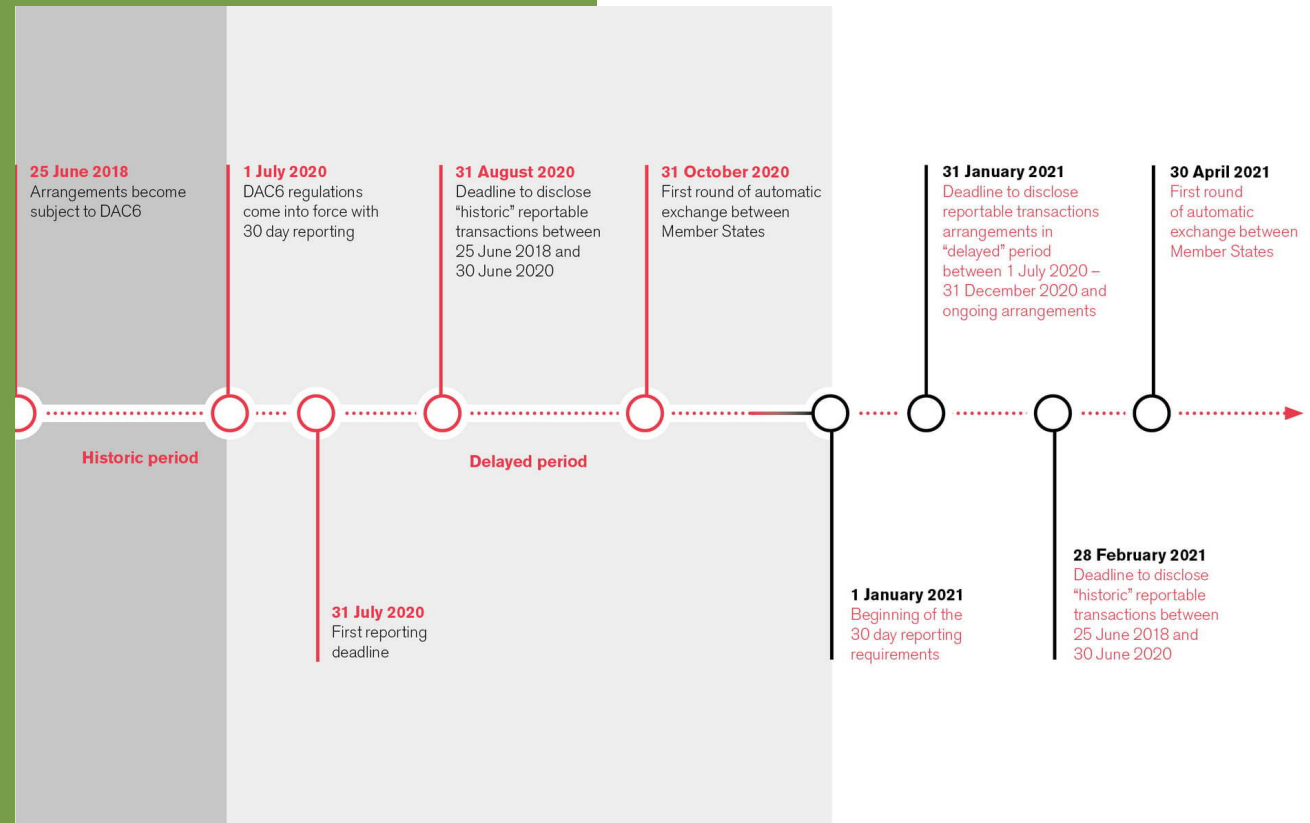
The EU's new mandatory disclosure regime, DAC6, imposes the obligation to report certain cross-border arrangements to a local tax authority. The regime is complex, can catch a wide range of transactions, is not sector-specific and is, of course, multi-jurisdictional in its application. Management of DAC6 continues to be a challenge for affected taxpayers and intermediaries.

Differences in local country interpretation and practice can complicate the DAC6 analysis and may produce inconsistent outcomes. Our custom-built DAC6 portal provides clients with a snapshot of transactions undertaken and their DAC6 status by location, hallmark, reporting position and, where relevant, adviser. Rather than undertaking the DAC6 analysis itself, the system allows the client to track affected transactions, the DAC6 analysis undertaken and the conclusions reached. Any inconsistencies will be readily identifiable, for further investigation as necessary.



# Key features

- Facility to upload supporting documentation and analysis.
- Bespoke user interfaces for clients to see information logged by all advisers given access to the tool.
- Ring-fenced access for advisers to upload advice/structure papers/step plans, to report on DAC6 status and to view the information they submit.
- Automated client notification when reporting is due.
- Facility for client to upload additional information, including details of transactions handled in-house.
- Data analysis to show transactions logged, number disclosable, hallmarks involved, countries concerned and advisers used.



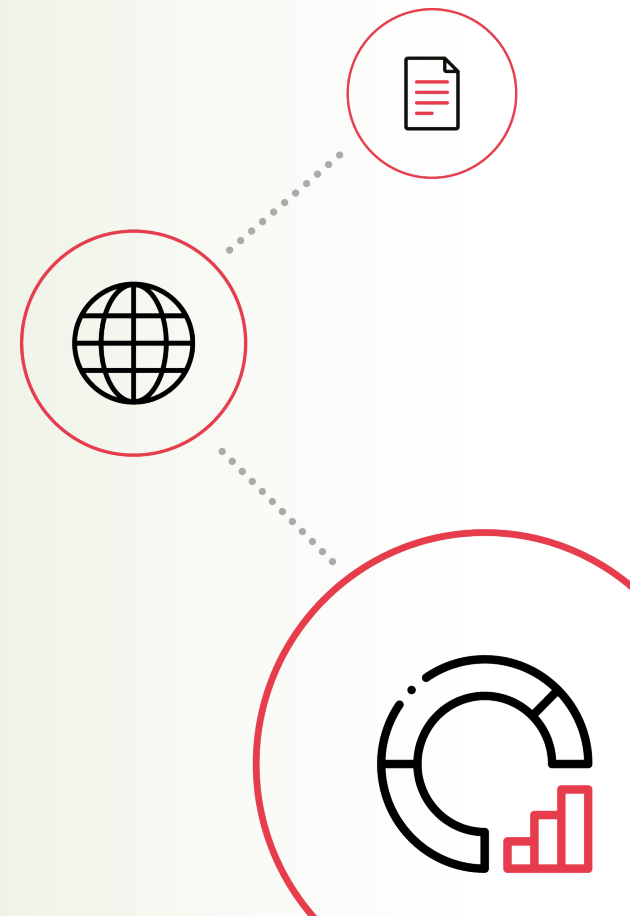
The portal has been developed by our lawtech team working alongside our DAC6 specialists. It organises and presents data in a transparent form. At the same time, the system can be tailored to client needs to include, for example, reporting patterns by country, adviser or hallmark, and bespoke data gathering and retention facilities. This distinguishes the solution from other off-the-shelf information management systems.

The platform is accessible for use by both the client and its team of professional advisers, enabling better collaboration and visibility internally and externally and, through clear data visualisation, more informed decision-making and better compliance.



## Comprehensive tracking of

- Affected transactions
- DAC6 analysis undertaken
- Any inconsistencies in conclusions reached



# Our team





# Lawtech team



**Chris Tart-Roberts**  
Head of lawtech, chief knowledge  
and innovation officer



**Alison Thorpe**  
Knowledge manager



**Sapheen Meran**  
Legal technology and  
innovation manager



**Laura Stafford**  
Legal technology and  
innovation manager



**Oliver Jeffcott**  
Legal technology and  
innovation manager



**Drew Honeywell Kulow**  
Innovation and  
engagement manager



**Joanna Schmidt**  
Senior knowledge  
management officer



**Adam Fieldgate**  
Associate



**James Silvester**  
Legal technology and  
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**Klaudija Bami**  
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**Sophie Harding**  
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**Faisal Zainal**  
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**Charlie Goodman**  
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**Lani Bradley**  
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