

Technology aimed at lawyers continues to change the way law is practised as those with deep subject-matter expertise recognize there's a better way to service clients

BY JULIUS MELNITZER

# Driving Innovation



**B**erating the legal profession as lacking in innovative drive — particularly when it comes to technology — verges on the fashionable. But fashion passes, frequently into myth. And so it may be with the ubiquitous image of lawyers as technologically challenged, risk-averse Luddites, ill-suited to the demands of the Information Age.

“If you look at the direction from which change is emerging, what you’re seeing is lawyers with deep subject-matter expertise recognizing that there’s a better way to service clients,” says Mat Goldstein of Toronto, Chief Revenue Officer and co-founder of DealMaker, whose software is designed to streamline legal and financial transactions, particularly in the private-placement sphere. “It’s not really the clients or general counsel who are driving technological change.”

PHOTO: SHUTTERSTOCK



As Goldstein sees it, law firms are uniquely placed to innovate. “There’s no point trying to develop technology without a deep understanding of how a practice works and the inefficiencies in it,” he says. “The key is to translate that subject matter into products or software that are accessible — and the tools for doing it are available today.”

This having been said, Goldstein is careful to distinguish between giving advice and executing that advice.

“The practice of law is streamlining between giving highly valued advice that

requires expertise and putting that advice into action,” he says. “What we’re starting to see is a collaboration between the lawyers who are providing that advice and those who are shaping the way clients engage with the market.”

Arguably, Goldstein knows whereof he speaks: both he and DealMaker CEO and co-founder Rebecca Kacaba practised securities law until they decided to devote their full-time energies to DealMaker.

“We joined Dentons in 2017 when the firm offered us an opportunity to help commercialize DealMaker as part of its ef-

fort to promote innovation in the practice of law,” says Goldstein, who is “counsel” at Dentons but no longer practises law and is at pains to emphasize that he does not speak for the firm. “When DealMaker launched in the summer of 2018, Dentons was its pilot customer and subsequently created a separate innovation hub in downtown Toronto where DealMaker is currently based.”

DealMaker emerged several years ago from when Goldstein, then practising in New York, and Kacaba, then at Aird & Berlis LLP in Toronto, concluded (in



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DEALMAKER

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Goldstein’s words) that “the amount of friction and inefficiency involved in completing [private placement] securities transactions was nuts.”

Here’s how Goldstein describes what he saw: “Documents come out, investors fill them out, they make mistakes, the brokers catch some of the errors and send them on to the lawyers, who catch even more errors and in turn ship the documents back to the brokers,” he says. “And while the lawyers are chasing documents and signatures, the clients have no idea what’s going on.”

In a world of cloud-based services, electronic data rooms and the likes of Dropbox, Goldstein and Kacaba surmised that there had to be a better way. The reaction from the legal community suggests that DealMaker achieved that goal in spades.

“Several national firms, multiple securities boutiques and a number of full-service midsize firms are using the software,” Goldstein says. “The feedback has been really positive.”

DealMaker works by mapping out the securities law process flow across North America. Investors wishing to participate in private placements must be “eligible” under the applicable securities law. Eligibility is verified by having potential investors fill out and sign certain documents.

What DealMaker does is eliminate complexity in the eligibility determination process by asking investors a series of questions. “As the software acquires more information, it moves along the path to determine eligibility, and once eligibility is determined, it generates the compliance documents,” Goldstein explains. “Deal-

Maker can be adapted to work in any jurisdiction in which a lawyer has created properly drafted documents, including cross-border transactions.”

As it turns out, Dentons’ interest in DealMaker should not have been a surprise. Since 2015, the firm’s wholly owned and independent subsidiary, Nextlaw Enterprise, has been providing clients with comprehensive problem-solving capabilities that include advisory, innovation and technology solutions. Nextlaw’s operating divisions include Nextlaw Labs, an advisory arm focused on innovation and technology, and Nextlaw Ventures, a venture-capital firm focused on early-stage legal tech.

“Nextlaw Enterprise engages on a daily basis with many of Dentons’ top clients, providing them with solutions that include advising them on modernizing their legal departments, rethinking organizational process, curating best-of-breed technologies, all with an eye to implementing comprehensive solutions,” says Beth Wilson, the Toronto-based CEO of Dentons Canada LLP.

To that end, Dentons, through Nextlaw Labs, has helped clients use technology to streamline matter management and provide transparency into legal spend; to ensure jurisdiction-specific regulatory compliance in multiple regions; and to develop a “whistleblower hotline” aimed at efficiently bringing non-compliance issues to light.

To be sure, Dentons is not the only law firm on the technology innovation map.

Blake, Cassels & Graydon LLP, for ex-

**BETH WILSON**  
DENTONS CANADA LLP



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ample, held a tech demo day in January to demonstrate its innovative initiatives. About 150 Blakes clients attended the event, where the firm’s tech partners, including Closing Folders Inc., Kira Systems, Neota Logic Inc., Blue J Legal, HighQ and Founded, showcased their technology.

Otherwise, Osler, Hoskin & Harcourt LLP has provided financial support to and is working with Codify Legal Publishing, which is developing technology to track legislation and regulation more efficiently. The firm has also partnered with the Legal Innovation Zone, Ryerson’s University’s tech incubator.

For its part, McCarthy Tétrault LLP has its own e-discovery, information and management of digital information division, known as MT>3, created when the firm acquired Wortzmans, one of Canada’s leading e-discovery boutiques. In partnership with Exigent, a legal tech provider, the firm has developed a new document automation service that includes e-signature and contract management features.

All this is well and good, says legal marketing and business development consultant Heather Suttie of Heather Suttie & Associates in Toronto, so long as lawyers maintain a proper focus on their efforts.

“It’s ultimately not about having your own tech hub or partnering with start-ups,” she says. “What’s important is that, however you obtain it, the technology must flow through to the client.”

Many argue that there remains plenty of work to be done.

According to Deloitte’s *Canadian Legal*

*Landscape 2017*, which surveyed approximately one hundred general counsel and law firms nationwide “to understand the current legal landscape in Canada,” the key area in which traditional law firms were lacking was in their use of technology.

“Perhaps our most interesting finding is that, while technology is arguably the biggest enabler of achieving best in class status, it is largely under-exploited by both in-house legal departments and law firms,” the study states.

Nonetheless, it appears that “law firms are just turning their mind to the issue,” even as an “overwhelming majority of respondents identified technology/service delivery as a major game-changer in the marketplace.”

Interestingly, Deloitte’s attempt “to understand the current legal landscape in Canada” makes no mention of the Big Four’s emerging designs on the legal services market. While the Big Four’s acknowledged reputation for technological prowess and innovation is also not mentioned, the focus on traditional law firms’ shortcomings can’t help but elicit comparisons from clients and potential clients.

However that may be, here’s the point: Deloitte conducted its study in 2017. According to the study, the “tipping point for individual firms which will impact the competitive landscape and the role of talent in law firms” will arrive in 2020.

So that was then. And this is now. There’s still lots of time to put money on the new breed of lawyers. ♣

Julius Melnitzer is a writer based in Toronto.