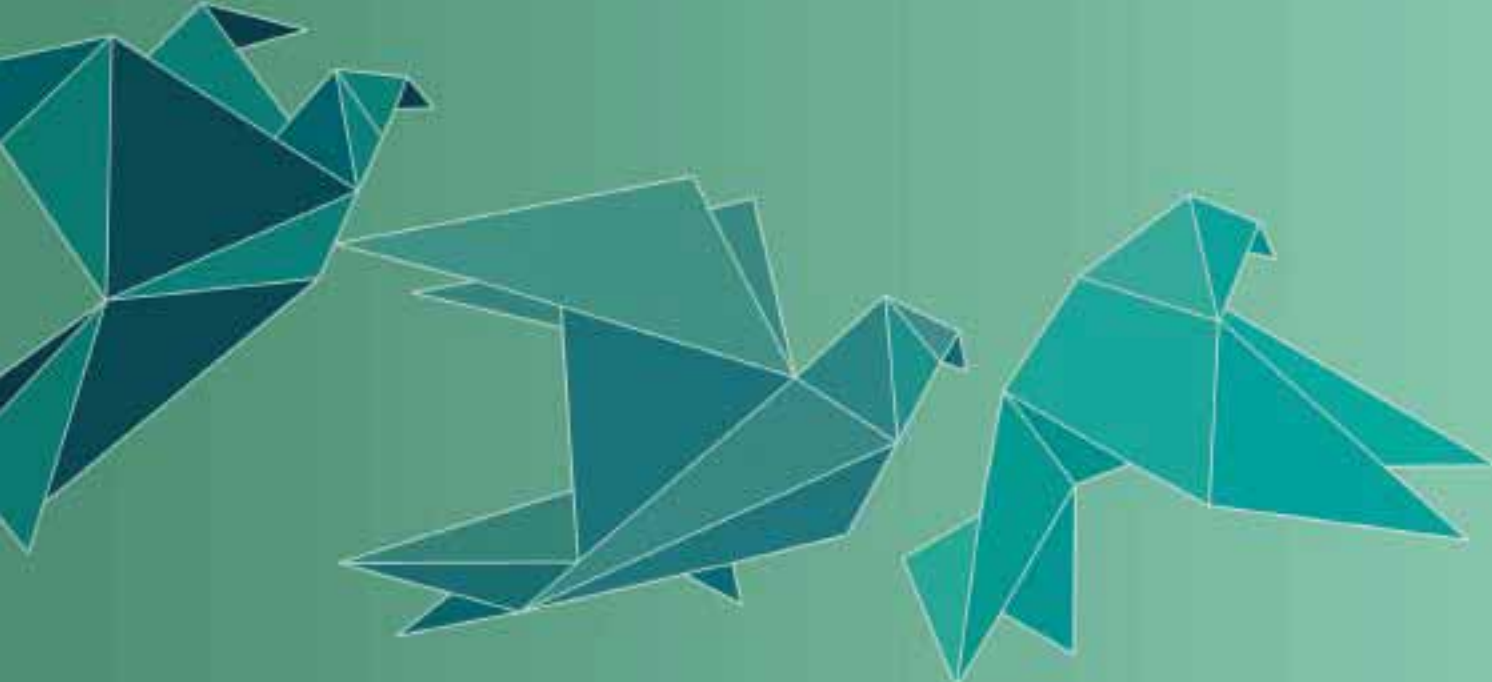


## Exploiting data

The new frontier for  
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# It's time we ruffled a few feathers.

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As a journalist, a day does not go by without a press release appearing in my inbox warning that technology is the great challenge facing law firms. This is no great revelation, but when you take the advance of technology to its logical conclusion, you realise just how significant a moment we have reached – no wonder that the Law Society recently predicted that one in five legal jobs were at risk of disappearing over the next 20 years due to the rise of the machines. That actually seems quite a conservative forecast.

The roundtable we held with Search Acumen demonstrated perfectly how it will happen. As you will read in the following pages, a discussion that started with the growing sophistication of property searches ended up at a vision of the commercial law firm of the future, shaped and staffed very differently from now. Those who are scared of ideas like blockchain should look away now.

I know from speaking to many innovators in the legal world that the hardest step is the first – persuading senior partners, who see no great need and have no great incentive to shake up the way they practice, that now is the time to change. But we are in a time when first movers can reap the reward, and it is to the credit of companies like Search Acumen that they are ready to stand side by side with them.

In our discussion, Law Society vice-president Christina Blacklaws also emphasised the risk in not doing so – that others will come along to dictate the future, leaving lawyers on the sidelines and part of a vision somebody else is creating. There have been many examples of lawyers not taking the initiative and suffering as a result; maybe here, with a process to which lawyers are so central, there is a chance to reverse this trend.

I left the discussion struck by how property data, though just a small part of the tapestry of a commercial transaction, could point to a very different future. I must thank those who gave up their time to share their thinking and, of course, Search Acumen for helping to enlighten me and, I hope, the readers of *Legal Futures*.

**Neil Rose**

**Editor, *Legal Futures***



*Legal Futures* – winner of the Legal Journalism Award at the 2014 Halsbury Legal Awards – is the leading news resource tracking the fast-evolving legal landscape. Written by professional journalists, it provides cutting-edge daily news coverage on alternative business structures, new market entrants, regulatory change and innovation in all its forms. Its unique blend of hard-hitting journalism, market intelligence and expert analysis makes it the first port of call for anyone interested in keeping pace with the transformation of the legal market.

Our sister site, *Litigation Futures* ([www.litigationfutures.com](http://www.litigationfutures.com)) has meanwhile become the go-to source of information on the world of costs and funding in litigation, with daily news and opinions on the massive changes wrought by the Jackson report and government civil justice reforms.



Search Acumen is a leader in the design and delivery of property and land data for conveyancing firms across the UK. Its approach – using in-depth conveyancing knowledge and emerging technology to re-engineer the search process – is coupled with a proactive approach to client service.

Our Commercial Real Estate tool launched in 2017, is designed to transform the due diligence process by providing real estate lawyers with instant access to commercial property data sets and the ability to conduct and manage a portfolio of property searches in one place. It has been designed in close consultation with some of the UK's top commercial property law firms.

# Technology: friend or foe of the property lawyer?

By **Andrew Lloyd**, Managing Director of Search Acumen



As one of the most document- and data-heavy practices around, the legal property industry is ripe for disruption.

However, the legal profession has been tentative to embrace technology. A recent survey by PwC found that 55 of the UK's top 100 law firms were failing to keep pace with cutting-edge technology, with just 11% utilising big data or predictive analytics.

## Liberating the lawyer

The working practices of property lawyers have changed little since the 19th century. Many aspects of the conveyancing process remain offline – documents are still on paper and the data entered manually. The commercial transaction process is laborious, slow and expensive, and both the client and firm are losing out as a result, a maddening thought in today's world of digitisation, artificial intelligence (AI) and blockchain.

As you'll read in the full roundtable report, Nicholas Kirby, managing associate at London law firm Mishcon de Reya, observes that, "for a long time, junior lawyers became data entry specialists... that cannot be the job of the lawyer. The job of the lawyer is to do lawyering".

That's why proptech companies like us are committed to bringing access to data and information into the 21st century by using the most innovative technologies.

Delegating to technology administrative tasks which are both document- and time-intensive can liberate the lawyer. That means more time solving problems and offering legal expertise to clients instead of shuffling papers.

At a time when corporate legal budgets are becoming increasingly scrutinised, there's never been a more imperative time for firms to ensure their resources are being utilised in the most efficient way and demonstrate their value add to clients.

## Arming the lawyer with the power of data

Technology not only serves to liberate the property lawyer, but can reinstate their role from that of paper pusher to one of strategic advisor.

Law firms sit on a wealth of data and know-how, and with the right tools to analyse and interrogate this data, they could have access to a consulting goldmine.

Matt Taylor, a partner at Clifford Chance, believes that through embracing technology and data, the shape of law firms will change and "move towards the consultant side" of the property transaction.

Interrogating and analysing data will serve to maximise the value of the advice offered to clients particularly within the commercial property sector. Ryan Davies, principal associate at Gowling WLG, envisages technology instigating a change in the conversations taking place with clients. "Instead of 'Dear client, Here is the risk', it will become 'Dear client, Here is the risk, but on 65% of buildings in the City of London this risk has proved not to be a problem'".

Vice-President of the Law Society, Christina Blacklaws, believes the strategic gains made from data to be so great that lawyers need to start acting as data scientists by "recognising and capturing the value that we have in our data and our clients' data".

Training the entire legal profession in data science is perhaps a bit ambitious. But thankfully technology already exists to help commercial property lawyers exploit and interrogate relevant data for the client's gain.

## Speeding up the process

It's no secret that the commercial transaction process can be slow and frustrating for all involved, including the lawyers. The delegates at our roundtable summed up the search process in commercial transactions rather simply as "painful".

In an increasingly technological world, clients have come to expect information and results instantly.

And why shouldn't they? We've become used to accessing data and services at the touch of an app. But some data providers have struggled to keep pace with this expectation. Legal transactions are still at the mercy of human bottlenecks where cases grind to a halt as one person is too busy or off on holiday. Andrew Denye, a partner at the London office of US firm Orrick, finds time delays a growing issue in his day-to-day client dealings, with clients pushing for completion in just two weeks.

Transactions can also fall victim to inefficient and offline systems. Matt Taylor noted that "half of the time, the output is taken from a digital data set, it gets printed out onto a bit of paper, sent through the post, scanned up by us and put into an electronic report. It's a little crazy".

Technology is the pain relief needed for the commercial transaction process, helping to expedite transactions and prevent the delays caused by outdated paper systems and lack of staff resources. John Danahy, a partner in the London office of US firm Squire Patton Boggs, believes the right use of data can lead to "creative thinking that solves a problem".

Innovations are coming. Live data streams and blockchain have the potential to transform the property search process for example, making it almost instant.

In fact, live data and blockchain could render the entire search process redundant. It could be that, within a decade, property searches as we know them cease to exist. Instead, incorporating several streams of live data will allow lawyers to call on the most up-to-date data sets needed in the due diligence process all by simply searching an address or title number.

## Threat or opportunity?

The technology sector in both property and law is growing fast. For firms steeped in tradition this may be seen as an unwelcome disruption. Thomson Reuters estimates that 579 lawtech patents were filed worldwide in 2016 alone. This potentially means 579 innovative solutions for the problems of the legal profession – but also potential threats to businesses that are not ready to evolve.

Start-ups replicating the work of lawyers are close to encroaching on the market share of traditional firms. Indeed, Deloitte estimates that 39% of legal jobs are at risk within the next two decades because of technological advances.

There will always be those who fear technology, the victors of disruption are those who embrace innovation as an opportunity. Turning a blind eye to technology won't make it disappear. If lawyers are to not only neutralise the threat of technology but turn it to their advantage, they need to start considering it as a strategic and commercial lifeline.

With the rise of innovation teams within major law firms, it's clear some in the profession are already conscious of the commercial rewards to be reaped. They are already choosing which technology and data solutions to embrace and build into their proposition.

If the legal profession is to remain relevant to the commercial world, it needs to demonstrate it is ready to innovate and revolutionise how it works to meet client's growing expectations.

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Technology not only serves to liberate the property lawyer, but can reinstate their role from that of paper pusher to one of strategic advisor. Law firms sit on a wealth of data and know-how, and with the right tools to analyse and interrogate this data, they could have access to a consulting goldmine.

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## Roundtable participants

### Neil Rose

Editor, Legal Futures (Chair)

### Caroline Robinson

Commercial Real Estate Business  
Development Manager, Search Acumen

### Christian Woodhouse

Strategic Products Manager, Search  
Acumen

### Christina Blacklaws

Vice-President, Law Society; Director of  
Innovation, Cripps

### Patrick Brown

Head of Insights & EU Engagement, British  
Property Federation

### John Danahy

Partner, Squire Patton Boggs

### Ryan Davies

PSL Principal Associate, Gowling WLG

### Andrew Denye

Partner, Orrick

### Simon Folley

Partner, Watson Farley & Williams

### Nick Kirby

Managing Associate, Mishcon de Reya

### Roger McDonald

PSL, CMS Cameron McKenna Olswang

### Matt Taylor

Partner, Clifford Chance

### Elizabeth Thompson

Senior Associate, Wilsons

### David Wood

Director of IT, Watson Farley & Williams

# Search and rescue

The roundtable began with a visual presentation of Search Acumen's Property Screening Tool, which helps practitioners give clients considering a commercial property transaction a snapshot of the likely risks, drawing on a wide range of information presented in layers overlaid onto the Ordnance Survey master map. This formed the basis for our discussion. From this starting point, we considered the future possibilities of data sets and data provision direct to the lawyer.

**Christian Woodhouse:** We are adding some new data sets, and we are also updating some of the other data sets on a more frequent basis where we can. Radon is going to be a new one. We have got SSSIs – areas of outstanding natural beauty – and greenbelt. We are looking to add things like permitted landfill or historical landfill. We can add surface water flooding and ground water flooding.

The big one is planning. We are currently entering into negotiations around providing the data.

**Neil Rose:** How far away are we from having search-free operations?

**Christian Woodhouse:** We are quite a long way away from searches as we know it being irrelevant and superseded by our platform. However, we will slowly introduce more and more data into this. There are lots of data sets that are very difficult to come by, and they will only be opened up, almost certainly, by government if they push that through.

**Nick Kirby:** You can often get utilities searches relatively quickly, or some of them anyway. It seems to depend on the location and obviously who is giving it to you. Presumably, at some point, the speed at which these things will be delivered on a site-specific basis will be so fast that actually having them live is not as relevant.

**Christian Woodhouse:** Technically, it could be very easy to do. They all store their data in a spatial database, and it would just be about having access to that.

## Daily hurdles

**Neil Rose:** At the moment, how much of a pain is the search process?

**Elizabeth Thompson:** It is painful.

**Nick Kirby:** It depends on the local authority. With some local authorities, you will get back your local search in a crisp, neat format in two days. In others, it takes four weeks and it is a side of A4 that someone has actually handwritten the planning applications on.

**Patrick Brown:** The interesting question is the extent to which local authorities want to provide that service.

**Roger McDonald:** They are not allowed to make a profit or charge above cost, so the incentive on them is always going to be limited.

**Andrew Denye:** There is a huge variance in the cost of local authority searches as well. Some of them may well be stretching that.

**Caroline Robinson:** If you are in Wakefield, you can probably get a search for £45, and if you are in Brent, it is about £300. You have got a massive disparity between councils for the same sort of thing.

**Neil Rose:** When the government has talked about creating this world-leading open data source, they are clearly putting the cart before the horse. They cannot do it at the moment, because they need to invest in the local authorities to do this.

**Nick Kirby:** There are obviously local authorities out there that have spent the time and effort to digitise their registers, and they can deliver searches in two days. It is frustrating that they have not talked to each other to say, 'Why has this local authority done it and this one has not?'



## Roundtable report



**Matt Taylor:** About half of the time, the output is taken from a digital data set, it gets printed out on to a bit of A4 paper, sent through the post, scanned up by us, and put into an electronic report. Even with the Land Registry, you do a priority search and it can be a lottery. Some of them will come back within five minutes of clicking, and some of them will come back two weeks later having come in the post.

You have got no real way of telling until you actually do it, and that can be difficult to manage on a transaction. If you are doing the financing and you are having to give the bank X number of clear days of a priority search, you end up needing to leave it as late as possible and gambling about when you do it. It is a completely unnecessary part of the process.

**Christina Blacklaws:** This space in the market here could be commercialised, providing local authorities with a service that they can run at cost.

**Matt Taylor:** We run into a slight blurring line, though, when we talk about commercialisation and the Land Registry. Everyone suddenly gets cold shivers down their spine at the idea of selling off the Land Registry.

### Digital registry

**Elizabeth Thompson:** The Land Registry are in one sense the pioneers in releasing their data and continuing to do so. The fact that they are going to release the day list is extremely exciting, as is the fact that they are taking over the Local Land Charges register as well. Instead of there being 330 different ways of holding [the data], there is going to be ultimately a uniform way of holding it.

**Neil Rose:** Has anyone seen the Land Registry demonstrating or talking about its Digital Street?

**John Danahy:** It seemed pretty blue sky stuff to me. They were talking about blockchain, bringing in every data set that they can possibly find. Their vision seems to be pretty radical, actually. I thought the Land Registry would just want to automate the transfer process, but they are looking much further ahead.

If they take the local authority data and put it on there, and persuade the utilities to put it on their system, you do get this grand database of everything. You have already got the data feeds to organisations like yourselves, and law firms can sign up to get their own data feed. That seems to be almost a nirvana: just press a button and it is all there.



Caroline Robinson



Andrew Denye

**Simon Folley:** We spend a lot of time challenging what comes back from the Land Registry, which just seems bonkers.

**Neil Rose:** Not that it is your fault, but are you getting grief from clients because of the delays?

**John Danahy:** I had a question from a client the other day asking, 'Can you put searches in and jump all over the search providers?' I said: 'You do not understand. I can phone the local authority, but it is going to get me nowhere. You just have to be patient. It is on the queue and on the pile, and you will get it eventually'. Clients do not care about that, and they think, 'So why can you not make it go quicker?' 'Well, I am sorry, I can't'.

**Elizabeth Thompson:** I cannot remember which local authority it is, but there is one somewhere down on the South Coast where they only have one person, and if that lady goes on holiday for two weeks, nothing happens.

**Andrew Denye:** A lot of clients are not traditional real estate owners and occupiers. They are now either from abroad or from a different, non-real estate background. When you say to them, 'I will get the searches in six weeks', they look at you and go, 'How could it possibly take six weeks to get the search back. We need the deal done in two weeks'. I am getting more and more grief on time delays.

**John Danahy:** You get outfits like private equity that do not want to hear any of that. You then start going into a long conversation. However, you are doing it blind, because you have no idea what the results are going to come back with.

**Christina Blacklaws:** As clients become increasingly outcomes focused and very time poor, it is toxic for us, and we do not have control over it. That means that we have to load the risk on to us.

**Nick Kirby:** Even getting insurance to cover a lot of these things is not particularly satisfactory, because you end up having to make a claim and sort it out.

**Matt Taylor:** The pay-out often is not what the client is after.

**Ryan Davies:** The danger is that as more people have access to data quickly, perhaps the wrong people are then drawing the wrong conclusions.

**Roger McDonald:** That danger is already here. As lawyers, we can manage that for clients, and it is a benefit to us because it gives us a seal of approval; if you come through us and we are coordinating this process, you are hopefully not going to go off in the wrong direction.

**Nick Kirby:** Is some of this about the data being available in a format that allows you to dismiss things that are negative immediately? Rather than being presented with 1,000 data points that you have to look at and dismiss everything that is negative, your data set can remove the 950 that are negative, and so you only have to look at 50. That allows you to give quicker insight into the bits of information that actually matter.

**Christina Blacklaws:** That is where the algorithms come in.

**Andrew Denye:** You are essentially looking for material difference. That is why, if there were a development site, and you were going to build it into something like a shopping centre, then the report would be bespoke to that type of transaction. It would give me the material difference to get to a set of criteria. We are nirvana plus one now.

**Caroline Robinson:** That is where we would like to take it.

**Andrew Denye:** It must be possible, because who on earth wants to look through thousands of miles of text? Just pick out the three lines that you are interested in. You want the three lines.

**Patrick Brown:** For that, you would need some data on actual transactions in order to be able to determine not only which Xs are important and what the settings are, but the interaction between the various Xs to ensure that your Y is correct. Machine learning may require some kind of user interface.

## Making the investment

**John Danahy:** The perspective of everyone around the table has been commercial transactions. If you boil it down to what the vast majority of transactions are – residential, single unit, with a chain – they are not particularly difficult.





## Roundtable report

**Matt Taylor:** With the commercial transactions, we are under a lot of pressure for time, but really complex transactions will take three months; you have an awkward conversation with a client, but you get there.

However, rather than the commercial side, the real damage for the legal profession is when you are dealing with people who are buying their house and their process is being dragged out, and sales are falling through because chains are collapsing, and searches are not coming through in time.

**David Wood:** It looks like [early October] was the first property transaction driven by blockchain.

**Matt Taylor:** It is an interesting step. People are using their phones for everything now. You buy insurance online and you buy your car online. People will expect to do pretty much all of their property purchases online.

**Roger McDonald:** It could be extremely slow. Case management systems have been the norm in residential for decades effectively, and yet they are not making any impact on the commercial sectors.

**Christina Blacklaws:** It depends, really, whether you see it as a threat or an opportunity.

**Roger McDonald:** It is an opportunity if you are prepared to invest a lot, and I do not think any of the major firms so far have really got their heads around that investment. I think it probably needs an outsider – a disruptor – to actually come in and capture that market; an Amazon, or an Uber to come in and start linking those services together in an easier way.

**David Wood:** As we look at residential versus commercial property, you are right that lots of firms have put time and effort into the case management process. The data is there and the systems are in place. It is the people part that seems to be the missing chunk for that solution.

**Nick Kirby:** Once expectations have changed and clients start to expect us to move faster and more efficiently, that will filter through: banks will be expected to move faster and more efficiently, because they will have to. Everyone will have this expectation that, actually, you can do a deal in a week, because your searches can come back in three days.

## Risk and reward

**Andrew Denye:** If, for example, there are no searches, then it is a question of where the risk is sitting. The banks need to be comfortable that somebody is taking the risk... The clients are going to want something where they can get the cash, and banks are going to want security in a situation where you are relying on data.

**Christina Blacklaws:** The challenge and the threat is that we will be the squeezed middle in that; that, actually, everyone will be looking to us to carry the risk, and as the processes become more automated and our layer becomes thinner, then, in some situations, they will be coming to us for our insurance.

**Matt Taylor:** However, as you improve the data sources and the speed of updating, whether or not you are doing a formal search, the gap for the insurance to plug becomes smaller and smaller, and your insurance becomes cheaper and cheaper.

**Andrew Denye:** It is the speed of the data being available, and whether it is updated monthly or live.

**Nick Kirby:** Also bear in mind that, a lot of the time, we are relying on searches that are two or three months old by the time we exchange. Having a live feed that is a month old on your screen is actually probably better than what we are relying on anyway.

**John Danahy:** And if you put this data on a blockchain, it is all auditable, so you know who cocked up. You are backing off liability by saying, 'Look, the utility provided and posted that data. It was operative on this date. They are liable for it'.

**Roger McDonald:** What we do not have from an insurance perspective is information about how big this risk actually is. We do not have information about how much has ever been paid out to clients because of an error in data. We have no way of assessing risk, and we have no way therefore of pricing it.

As lawyers, either we get involved in the business of risk or we try to keep away from it. My personal preference is that we keep away from it, because I do not think it is property lawyers' business.



Ryan Davies



Nick Kirby



Roger McDonald



David Wood

## Interpreting data

**Roger McDonald:** You [Search Acumen] are not at a stage yet of interpreting the data, and that is what we are talking about here.

**Caroline Robinson:** We are just providing the data. You have to get the right people to interpret the data. If we were ever going to do something like that, then we would have to make sure that we were working with the right consultants and right people for each particular data set to be able to provide you with that information.

**Nick Kirby:** If something says 'no' on a local search, you do not need a human being to interpret whether or not that is relevant. That is a binary answer. There is a layer between what we have got now – that we have to review pages of data to assess whether or not something actually says 'no' or 'yes' – and where we are given a data sheet and can just filter out all of the 'nos'.

**Caroline Robinson:** It is an exception report.

**Ryan Davies:** That is what a lot of the commercial searches do. They have 50 pages of data at the back, and the first 10 pages is just exactly that process; it highlights the 'yesses' in the data.

**Patrick Brown:** And to whom is that information pertinent at that particular moment in time? There may be an actual point where you may just want to have a quick conversation with the client: 'This has come up. Do you want me to carry on?'

## Moving into AI

**Neil Rose:** Once this is all sorted out, which is somewhat easily said, is it going to go to the way of automation, AI, and all the rest of it? Will the work you do be narrower but better; you will just be doing the good stuff rather than the dull stuff?

**Nick Kirby:** Yes, I think that has got to be right. I qualified seven years ago, and I remember when I first started you would do so much data review and entry. You were basically responsible for pulling information and typing it into reports. That cannot be the job of a lawyer. The job of a lawyer is to do lawyering: actual legal analysis of points.

**John Danahy:** You can start marrying this with contract analytics, actually looking at the data, natural language processing, and machine learning. The banks are all doing this now – they are just extracting the key stuff and the exceptions. They then risk rate it and keep capital for it. JP Morgan and other banks have this system now.

It needs a little more advancement, but it is getting to a point where all of that information is available for something to produce the report. The report bit is probably the more human bit, particularly the interpretation: 'What does this mean in this circumstance versus this one?' That is the harder bit.

**Nick Kirby:** Even if, at a minimum, they help guide you to the places where there might be problems, and you have to determine whether or not it is actually a problem, that is still a better place than we are now.

**Christina Blacklaws:** Augmentation is probably where we are going to be ending up. It is about liberating us to do the big brain stuff, which is after all what we are qualified, trained and want to do, as opposed to drudgery admin.

**Nick Kirby:** Human plus machine is better than machine. Humans plus machines play chess against just machines, and more often than not, they beat the machines at chess.

## Risk advisers

**Neil Rose:** What does this mean for the service you can offer clients? Will any of this actually just be shifted on to the clients? Will the clients do much of this before they come to you even, if the data is that available and extremely secure?

**John Danahy:** There is a market for specialists in doing this stuff and just providing a service. Are the law



## Roundtable report

firms gathered around this table really interested in this? I do not think so. It is a race to the bottom in a fees sense.

**Matt Taylor:** The very sophisticated clients who do this day in, day out will buy the product, bring it in-house, and do it as part of their own routine work. It goes hand in hand with what you are seeing with fees as well.

**Christina Blacklaws:** That is dangerous. My vision of the future is that we as a profession embrace and own this technology. If we do not own it, then other people will, and we will struggle to be relevant to our client base.

**Andrew Denye:** There is a difference between a law firm investing £X million in a platform, and using and paying a third-party provider to provide us with the information for each transaction. I do not necessarily see law firms putting down £X million for it. However, if the market is going that way, I could see that being quite relevant. Your more sophisticated clients that are already doing it will do it with you, and then you can be the one bringing the interpretation and added value.

**David Wood:** There is another level as well, though. You could be looking at being the risk adviser to your clients; you could be looking at the value added they expect of us, and looking over all of their properties. That one transaction is critical, but you can take a step above and tell them, 'We have got all this data from all the work we have done for you. We can tell you where your risks are'.

**Andrew Denye:** If you took a multi-let building and downloaded all of the leases in a PDF, uploaded them to Kira, RAVN, or Luminance, and ran that through, you would have suddenly extracted all of the key information about forfeiture; it is all there.

**Matt Taylor:** This is where it combines the two. I am not sure that lawyers will actually be that involved in doing the searches on one-off transactions, because it will be a product that gets fed into the lawyers to take into account.

**Christina Blacklaws:** I do not think we should do it; I think we should own it.

**Matt Taylor:** That is right. However, the shape of law firms will change. Law firms will almost start to move towards the consultant side and will have more technical teams; you will have lawyers working alongside or being data scientists and programmers as part of a skillset. It changes the whole shape of what a law firm is.

### Competitive threat

**Neil Rose:** A lot of the things you are talking about are not legal. It comes back to Christina's point. There will be plenty of other people who will have just as much access to this data, and will be trying to do exactly the same thing. How do you get them to come to lawyers?

**Roger McDonald:** There is still a level of legal interpretation in the data: the interface between the top level – of legal interpretation, analysis, risk, advice, and being the counsel – and actually understanding the data and its legal consequences. There is still a lawyer's job in there.

**Matt Taylor:** Go back to blockchain – if you are doing a transaction using a smart contract across a portfolio, is it a lawyer's job or a programmer's job to negotiate the terms of that smart contract and what is going to happen in X and Y?

The answer is, put bluntly, that it needs a mix of both, whether that is one person with both skillsets, or, probably in the near future, more likely a team of people working in a sophisticated way together. I am sure there will be some people who will try to buy it in bits: 'We will hire a programmer to do that and we will go to this law firm over here to do that.' The really successful players will be the firms that have basically adapted to this and say, 'Just come to us, we will do this for you.' Let us deal with getting the legal and technological input together.

**Neil Rose:** Will you actually be a law firm, or will you be a business that provides multiple services?



Elizabeth Thompson



Simon Folley



John Danahy



Patrick Brown

**Christina Blacklaws:** You might be a legal data firm.

**Ryan Davies:** Some of the advice might change. Instead of, 'Dear client, Here is the risk,' it is 'Dear client, Here is the risk, but on 65% of buildings in the City of London that had this risk, it has not been a problem in the last 10 years.' That is what open data might enable you to do, which we cannot add to our advice at the moment.

**David Wood:** We talk about agents being able to take care of a lot of the transactional aspects. Agents could be anything from a basic purchase online to some of the real estate work. You already act as an agent for your client in the obvious way; you have already worked with the clients long enough to know the parameters they want to work within for a purchase, sale, or long lease. You can just feed that into a system.

**John Danahy:** There is a threat here in that the surveyors have been global players and are more advanced than us in this. They are well versed in providing a sort of strategic overview. Why not just recruit a load of lawyers? They are almost treating lawyers like monkeys at the bottom doing interpretation for the strategic big thinkers, who are the surveyors. It is a threat to us.

**Nick Kirby:** That is the risk of letting any of it go. Like you say, if we do not keep owning everything that we own at the moment, we will lose the ability to be able to provide strategic advice.

**Christina Blacklaws:** That strategic advice is the most valuable thing we do for our clients. I think lawyers and law firms are really adaptable. I am actually confident about the future here, but I do not think there is any room for complacency. We cannot just say, 'It is not happening,' or 'It will not happen before I retire,' because it will happen in the next few years and it is going to impact on us all.

## Becoming data scientists

**Neil Rose:** Christina, you have a wider view of the profession than most around the table. This is no different, really, to conversations in most areas of practice about the impact of data and technology?

**Christina Blacklaws:** That is absolutely right. All law firms and legal businesses need to start being data scientists. We need to start recognising and capturing the value that we have in our own data and our clients' data. The products that are being developed at the moment are nascent; there are lots of start-ups. However, they are not expensive to bolt on if you have got good data sets.

**Neil Rose:** Patrick, do lawyers have an inflated view of their role in this?

**Patrick Brown:** In terms of lawyers becoming data scientists, if there is something that can be routinely done via better information and can be to some extent automated, then you can build the data product from that if you are willing to throw enough man hours and money at it.

In terms of whether or not the client will do it themselves, it does not seem like that is the case as yet. Using the analogy of running away from a bear, you do not necessarily need to be the fastest in the pack; you only need to not be the slowest. That appears to be the general kind of approach towards big data and AI.

In property at the moment, it is about keeping an eye on blockchain, which all seems shiny and exciting. However, there are only very, very few – which tend to be the top end of the incumbents – that are beginning to very, very quietly look at more of this internally, and particularly among the agents.

**John Danahy:** There are a few challenges to that. Should we own it? Should we not own it? I think there is a risk more than an opportunity. There are a couple of ways to go about that. One is to partner. Generally, I do not think law firms have a particularly great track record of bringing in new systems.

**Christina Blacklaws:** You are absolutely right that partnering is the way forward.

**John Danahy:** One of the banks' approaches to data mining is that, rather than doing it in-house and paying millions for consultants every year, they partner with a technology company that is already a leader in this space in return for their intellectual capital.

## Roundtable report

Five law firms willing to buddy up and partner in an alliance of some sort is an idea, but it still requires every one of those firms to put a business case forward. It is much easier to say, 'These are the leaders already. How about we partner with them and get something for it in return for our intellectual capacity?'

**Elizabeth Thompson:** In one sense, that is essentially what Search Acumen are doing. They are saying, 'Why do you not partner with us? We will give you this for free and buy all of these different data sets for you, rather than you having to do that in your office, seeing if you can pull up three different search repositories at the same time on only two screens.' That is a start. There are different stakeholders here and different markets, be it the international real estate market or the residential market.

### Good for business

**Neil Rose:** Could it help business, at least in the short term, if England and Wales, or different legal jurisdictions, become good places to buy property because of such a great system? Is it actually going to make you all busier, as international investors are going to come here?

**John Danahy:** I do not know. Estonia has got a blockchain Land Registry and all sorts of automated systems. Are people racing to buy property in Estonia in the same way as they race in London? No. The underlying fundamentals of real estate in the UK and the English law system are seen as fair and open.

**Matt Taylor:** On the other hand, it will become a hygiene factor. Given a choice between London and Frankfurt, if they have got a better system than us, that is another push factor.

**Nick Kirby:** Yes. Making an asset more liquid is only going to help.

**Andrew Denye:** If the speed improves, it is not going to be a deterrent. Whether or not it is good enough to get people rushing to Estonia, I do not know.

**Patrick Brown:** There is one driver, and that is that the government considers real estate to be relatively inefficient. We are having certainly a bit of a fire lit underneath us to try to find ways to make it a more efficient industry, and with the looming threat of possible interventions if that does not manifest.

**John Danahy:** There is an element of hiding behind the whole search thing. If somebody says, 'How long does a deal take', you respond, 'Four to six weeks'. That is how long I have got, because that is how long the search will take.

**Ryan Davies:** The data sets that the government have opened up and released so far, being polite, might not be the most useful ones in terms of our transactions. Actually, the ones that are going to be the most useful are going to be the most difficult for them to open up.

**John Danahy:** It would be useful for one government body to have responsibility for it, rather than all of the local authorities. If it were put into one body, what else would they do? They would gather data and publish. That would be their only function.

**Nick Kirby:** If they do as good a job as they have done digitising the local searches, we will have them within a day or two days. You are right, though. In some senses, we will then be exposed to having to say to a client, 'We are actually really busy at the moment. There are 50 leases that we have to review, the title is 20 pages long, and it is really complicated. Actually, it is going to take me three weeks.'

### Back to HIPs?

**Neil Rose:** How easily do you think firms will adapt to suddenly having to work much quicker?

**John Danahy:** When the Brexit vote came through, papers landed on my desk on Friday night to spend £250m on two properties by the following Tuesday. I said, 'What about searches?' They said, 'Well, there are some.' They did not even know what they were. We were ready to go by the Wednesday, but they pulled the plug. It can be done if somebody is geared up to do the transaction.



*Matt Taylor*



*Christina Blacklaws*



Christian Woodhouse

The thing we are not really talking about is the conveyancing process. The process is a bit back to front. My thinking on this goes into the residential world. We go to find a property, we fall in love with it, and then we work out that it has got loads of problems. The seller has been marketing it for a period anyway; they could have worked that out already and got the searches, a little like an auctioneer.

You find out all of these problems and you either live with them, chip the price, or walk away. Sellers know we want to sell. Buyers buy when they have found something. Why are we not turning it on its head and saying sellers should produce the information – the same as an auction – and, if they want to, somebody else can do the report? The buyer can buy that report, and it is already baked. As soon as I go to the property, I can just say, 'Yes, I want it. When do I exchange?'

**Neil Rose:** We've tried that – it was called the home information pack (HIP).

**John Danahy:** The HIP had a shelf life. If it were all on the blockchain and all updated in real time, you would literally press a button and get the real data now. The HIP lacked that kind of technology.

**Roger McDonald:** It was the search. It keeps coming back to the local authorities' data, and the fact that it is in the filing cabinet.

**John Danahy:** It has got to get automated and go into the Land Registry.

**David Wood:** If they bought the service as opposed to the pack, and the service kept itself up to date, I as a seller would have made my investment, and know that it is affordable and up-to-date all the time. I would not have to go and do it every three months.

## Always available

**Christian Woodhouse:** That is the main premise behind the Land Registry Digital Street. You have all of this data upfront, and it does not matter whether that transaction goes through in a week, two weeks, or three months, because the data is always there; you will always be able to get access to that data. If you want to refresh the data, you can just instantly access it.

**Matt Taylor:** Once you get to that stage anyway, you will also find that it will drive efficiencies through in the rest of the conveyancing process. If your searches come back in a day, the question is, 'When could you sign?' 'We could do it tomorrow if we could agree the contract.'

People say, 'I do not really care about these five points really'. They have just been negotiating because they know that they have got three to four weeks to play with.

**Neil Rose:** It is all about the data. We have come back to where we started, really.

**David Wood:** If that data is always available, but we took some data three months ago on which we made our first observations, it might be useful to think about how your system would take the two snapshots and compare them.

**John Danahy:** You would do it as part of your pre-completion or pre-exchange searches.

**Matt Taylor:** There is a value for the portfolio manager then as well, because they could have that set on all of their offices.

**Andrew Denye:** They could get live alerts.

**Matt Taylor:** Yes. 'A new road is being built outside property X'; that is something that I would not normally find out about maybe until I go to sell it or do a transaction.

**Nick Kirby:** That will involve every single person involved in a piece of real estate keeping records up to date as and when they do anything. Every time they complete a lease or do anything, you will have to digitally update a record of the asset. Every time an asset manager calls the tenant to tell them not to worry about paying the rent on time, and that they can have a two-week break, needs to be recorded somewhere.

## Utopian blockchain

**Matt Taylor:** If you go to the utopian blockchain, it actually automatically gets recorded, because the rent is paid via the smart contract instructions. If you defer payment, it is by executing a programme

that defers it, and that is recorded. If you change a tenant, you do not write it on a bit of paper and then upload it, but you change the blockchain. I think that is years off.

**Nick Kirby:** That is the point. There has got to be somewhere in between the two that we can get somewhere near to.

**Matt Taylor:** It will get there. You will probably not notice it, because we will suddenly deal with standard form leases that get more common and become more and more digitally signed. They will then only appear online.

**Neil Rose:** But would it be fair to say that digitisation has come rather slowly? Ten years ago, although the technology would not have been as advanced, perhaps the discussion would not have been that much different. Is change going to happen quicker than it has in the last 10 years?

**John Danahy:** It needs someone to have the commercial incentive to do it.

**Matt Taylor:** I do not think it has changed a lot. It is like the saying that people overestimate change in two years and underestimate it in 10. If you look back, people underestimate the amount of change that has happened over 10 years. Most people did not really have BlackBerrys. You could just do email. You could never pull up a map and find one thing.

**Elizabeth Thompson:** Also, dropping in electronic signatures has eased the speed of a transaction. In terms of execution of documents, the speed at which you can do that now, particularly internationally, has changed dramatically in the last 10 years.

**Matt Taylor:** It is easy to miss it, because it happens quite quickly but quite incrementally. It is not like you wake up one day and suddenly find the whole world has changed. It just gradually creeps in, and you do not really notice it is happening until it has got there.

## Conveyancing nirvana

**Neil Rose:** How far away do you reckon nirvana is?

**Nick Kirby:** Ten years, maybe.

**John Danahy:** If the Land Registry went to blockchain, that would be the foundation of something. Once you have got a common standard – one blockchain that does land – you just pile the data in. That would be incredible. I saw a presentation by the Swedish government, and their blockchain programme was dreadful; a paper system alongside an electronic one is not really a system, is it? Estonia is at the other end, as are the Land Registry. Now the Land Registry has got some sort of security – they are not going to get privatised and have new directors coming in – they have got a direction. They only do land data. It is just the obvious place. We should all be kicking the Land Registry to get on with it.

**Matt Taylor:** I am not saying it will be fully completed, but I think it will be nearer to the five-year horizon before you start to see some fairly significant changes.

**Ryan Davies:** I do not want to sound pessimistic, but, to a certain extent, the Land Registry is a slave to certain legislation that most of us are going to be familiar with. Therefore, they are going to come up against obstacles to implementing some of their dreams.

**John Danahy:** That is fine, because they will launch a consultation and we will tell them all of the answers. They will ask what change is needed, and loads of us will pitch in.

**Matt Taylor:** That is where the residential market comes in. Actually, if you have got Xm people saying that their house prices are getting lower because they cannot sell, there is pressure from the residential: 'I want to do this online.' It is potentially a vote winner, revolutionising the sale process so that it will take a week.



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