



# WHAT DOES AN APPLIED SOLUTIONS UNIT DO?

BY JOE DAVIS

Clifford Chance Applied Solutions is a separate entity affiliated with the magic circle firm led by former practicing attorney and legaltech veteran Jeroen Plink. As the legal marketplace continues to evolve, this team intends to adapt with an unparalleled combination of technology and legal expertise.



**Why Applied Solutions?**  
Clifford Chance launched its Applied Solutions unit about a year ago as a way to respond to changing client needs, particularly in the area of regulatory compliance. Jeroen Plink, who leads the unit, says that between 2007 and 2017, the global finance industry had to process about 50,000 new pieces of legislation or regulation. That was an average of 284 changes per day. 'Our clients are faced with a tremendous regulatory burden,' he says. 'The combination of new competition and the increased pressure on our clients made the firm realize that a shift towards a new model was necessary.'

Using a model pioneered by McKinsey, the firm created the Applied Solutions group to combine the collective

knowledge of the Clifford Chance legal teams with technology to create unique systems to address client issues.

#### The story so far...

Plink started his career as a corporate attorney at Clifford Chance in 1996, doing predominantly private equity and M&A transactions. After building up the firm's e-commerce practice in the late 1990s, he left in 2000 to launch a legaltech startup. The company's first product was a due diligence application. While the technology was solid, the market timing proved to be a challenge. M&A activity slowed significantly in the wake of the 9/11 attacks, and the company was acquired by the Practical Law Company (PLC) in 2002.

PLC was founded in 1990 in the UK as a 'cook book for law,' with detailed guides to a variety of legal transactions. 'We explained the law in human terms,' Plink says. 'If you were a first year associate, and you had never done a management buyout, you would go to the PLC website. The website was populated by attorney editors who were on our staff and they would explain in practice what the typical set-up of a management buyout is, and

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what you have to think about when you're acting for the buyer and the seller.'

Plink moved from London to New York in 2007 to lead PLC's expansion into the US market. Within five years, PLC had grown to cover five different practice areas and had increased its legal content and sales staff to 250 employees. It counted about 80% of the AmLaw 200 as customers, as well as several thousand other firms and in-house departments. 'By that time, Thomson Reuters had taken notice,' Plink says.

Thomson Reuters acquired PLC in 2013 in a deal that was one of the largest acquisitions in legal at that point. Rather than join Thomson, Plink decided to pursue other opportunities in legal technology.

After spending a few years as an investor and board member at companies like Kira Systems and Casetext, Plink got back in touch with Bas Boris Visser, the Global Head of Innovation for Clifford Chance. 'We had known each other for a while and ever since he got the job, we had been talking,' he says. 'We actually found our thoughts were very well aligned. We had spoken about a version of Clifford Chance Applied Solutions very early on in his tenure as Global Head of Innovation, but at that time the firm was not ready. This time, though, the firm was ready for it.'

In August 2018, the firm agreed to the new delivery strategy and the Applied Solutions unit was created, with Plink as its CEO. 'I am basically the conductor of the orchestra,' he says.

#### The offering

Rather than create software from scratch, the Applied Solutions unit chose to build upon existing vendors' products for the technology part of a solution, adding the expertise of Clifford Chance's attorneys to complete the offering.

One example of this model is CC Draft, a 'document automation as a service' program that leverages Thomson Reuters' Contract Express. A large European bank has used CC Draft to automate its entire mid-market loan system.

Plink explains that in order for a loan officer to begin the loan process, they



will answer a series of questions about the loan. 'Is it a bilateral or a syndicated loan? What is the amount? What is the interest rate? What are the maturity dates? They click "submit" and out comes a cover letter, a term sheet, the facility agreement and the security documents, all without having to involve the legal department. It is a huge saving to the bank.' He also points out that these kind of loans are smaller than the ones for which Clifford Chance would normally be involved, so rather than cannibalizing the existing business, the venture opened up a new market.

Another offering gaining traction with financial services clients is a workflow application called SMCR Manager. 'SMCR stands for Senior Manager Certification Regime,' Plink says. 'It is an English law system that came out of the financial crisis, and its goal is to hold leaders of financial services companies more accountable for their behavior. SMCR Manager takes you through a series of checklists on an annual basis, and it has a lot of built-in knowledge from our lawyers.'

### **What has changed, and what remains the same?**

Despite the changing legal business model, Plink believes that the importance of understanding a client's business needs remains constant. 'I think that made a great lawyer yesterday and thirty years ago,' he says. 'I think the way you deliver that expertise and knowledge is changing quite dramatically. You need more technology skills to deliver that expertise. Hiding behind "oh I don't know Excel" was acceptable maybe ten years ago. I do not think you can get away with that now. Not understanding how you apply AI in your day-to-day practice, not knowing better ways of delivering your matter through legal project management, I think those are a "no go" these days. I think there are still many firms that have not adopted that perspective.'

Plink also sees differences in perspective between UK and US firms. 'I think the UK firms are still leading the way in delivering a better client experience and in understanding and using technology and legal project management more efficiently than some of the US firms. Those skills are increasingly important, especially if you think about the competition.'

## **For the first time in 19 years, I have a tremendous brand behind me that is opening all kinds of doors**

When he first came into the US, the thing that surprised Plink was that in-house legal departments were ahead of their peers in the UK. 'The law firms on the other hand, as far as adopting technology goes, were behind the UK firms. I think the in-house departments have grown closer to each other and I think some US firms are inching somewhat closer to the UK model. I think many of the UK firms are better placed to face an onslaught from the Big Four or the new law companies that are arising, or something else that is completely new.'

In terms of competition, the market is seeing other firms in both the US and UK experiment with alternative business models. 'I think it is going to be slow,' Plink says. 'You have to be of a certain size and you have to have the desire to make the investment in these things. It is not cheap and you have to have the skill. And you have to be open to thinking about the business of law in a different way.'

Plink believes the greatest challenge in the coming years will be from the Big Four accounting firms' expansion into legal, particularly in the European market. 'In the US it is less so, but all over the world, I think the Big Four are going to present a big challenge to traditional law firms. Unless you adapt, it is going to be an interesting challenge. I think UK firms are better prepared for something very alien, and a firm like Clifford Chance, having built a separate business model, may be better shielded.'

### **What the future holds**

Clifford Chance has big plans for its Applied Solutions group. It plans to double the size of the team to around 30 by the end of 2019. There are also plans for more applications that help companies comply with financial regulations. Plink explains the soon-to-be-released Debt Capital Markets application with the following scenario:

'If you are an issuer of public debt instruments on, say, the New York Stock Exchange, you have a variety of obligations depending on what circumstances you find yourself in. What are your obligations as an issuer of debt securities according to the SEC rules and according to the rules of the New York Stock Exchange? That is fairly easy to manage if you are working in a Treasury Department and your company has issued securities in just one market. Problems arise if you are a large bank and you have securities issued in multiple jurisdictions. If you have just issued a profit warning, then you need to figure out the consequences of that in all of the markets in which you issued those securities. That is something that is going to launch in a couple of months, and we are very excited about that one.'

The thinking behind Clifford Chance Applied Solutions is to build a separate business that sells information on a subscription basis, Plink says. 'We want to move more toward the world where we resell our information. Our clients benefit from that scale as well. We have a fairly exciting pipeline of applications, and we have pretty serious goals. It is great if I compare it to being an entrepreneur in a small company. For the first time in 19 years, I have a tremendous brand behind me that is opening all kinds of doors, which I think is very, very exciting.'

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